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ABSTRACT

This book presents a fairly comprehensive overview of Louisiana's current system for financing public elementary and secondary education and describes the historical development of the present system. Individual chapters focus in turn on the federal impact on public school system operations, general provisions of the Louisiana constitution concerning revenue and finance, state taxes in Louisiana, revenue sharing, local school revenue in Louisiana, the historical development of theories and principles of state support, the historical development of school support equalization in Louisiana, Louisiana's minimum foundation program from 1935-1975, Louisiana's present minimum foundation program, and legal requirements governing school expenditures. (JG)

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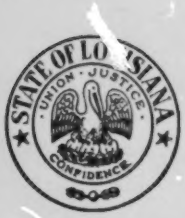

LOUISIANA SCHOOL FINANCE

by

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In cooperation with

Louisiana State Department of Education
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FOREWORD

There is a widespread demand for current information concerning the use of the taxpayer's dollar in financing education in Louisiana. In response to this demand, the Louisiana State Department of Education has cooperated with Dr. J. Berton Gremillion in the preparation and dissemination of this publication. Its purpose is to inform legislators, school board members, educators, and the general public of Louisiana concerning the source and use of local, state and federal funds to finance elementary and secondary education in the State of Louisiana.

ACKNOWLEDGMENTS

Grateful acknowledgment for their guidance, support, interest and cooperation is extended to the professional staff of the Louisiana State Department of Education. Without their assistance this publication would not have been possible. Special appreciation is extended to the Louisiana School Boards Association for their expertise in assuring the validity and reliability of the publication.

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CHAPTER 1

INTRODUCTION

As democratic societies grew in size and as the agrarian society gave way—first to the industrial revolution and then to the technological revolution—the simple town government gave way to vast and varied governmental units. Each citizen in a democracy is now a member of countless governmental units, all of which have had designated to them powers, duties, and responsibilities granted by the people through state constitution or law. The purpose of these units is to provide services to the people which the people desire, and which, it is felt, can best be provided by public, rather than private, means. Education, for example, is provided by the people as government rather than by the people as individuals because government is seen by the people as the best means to achieve educational goals. The same is true of a vast number of services provided for the people through government. (Corbally, 1962)

Levels of Government

There are three specific and distinct levels which characterize the governmental structure of the United States. They are the federal or national level, the state level, and the local level. Briefly, the Federal Government has only those powers and duties expressly delegated to it by the Constitution. Thus federal power is applicable where legal authorization is provided through the Constitution. Meanwhile, the states have the right to assume any powers or duties not expressly denied to them by the Constitution. In other words, state power is approved if a search fails to discover constitutional denial of such power. Government at the local level is essentially a creature of the state. Its subdivisions are established and granted various powers by state legislative authority to perform or provide services at the local level. (Corbally, 1962)

Financing Governmental Services

Since government exists to perform various kinds of functions considered necessary by the people, large amounts of revenue must be raised. (Corbally, 1962) In addition, the demand for practically all types of governmental services has been and still is increasing. (Johns and Morphet, 1959) These demands merely compound the problem of securing revenue to subsidize the required services.

There are a number of sources of revenue available to governmental units for financing services. However, the most common are (1) the levying and collecting of taxes, (2) the collection of license fees, other fees,

and fines, (3) the sale of services, goods, and property, (4) rent, lease, and royalties from property and lands, and (5) various and sundry other sources.

Importance of School Finance

Public-school finance has not always been an important problem to state and local communities. In earlier days, the one-room log or clapboard schoolhouse seemed sufficient for a struggling new country. Enrollments were low; few books or materials were necessary; a few townspeople collected and spent the small amount of money needed; no lunchroom or transportation problems beset the teacher or administrator. No driver education or special education programs required money, nor were there costly athletic, physical education, music, or science programs to finance. Only a relatively few decades ago, the United States was a primitive new country with a primitive educational system. This was a system that enrolled a small proportion of the children for only a few months in the year. It gave few hints as to the nature of the giant public educational program the country was to develop.

Now, the day of the one-room school has gone. There no longer exists a primitive educational program in which only a few rudiments of "readin', 'ritin', and 'rithmetic" are taught. American systems of public education are struggling to enter the space age, and to keep pace in other scientific and technical fields. Foremost among the problems confronting them is that of financing a program of education that will assume continued advancement in technology, business and industry, agriculture, medicine, the natural and physical sciences, and the social sciences.

As unprecedented national crises arise, the significance of a strong and firmly established system of public education is reemphasized. Today, education has reached a high point in acceptance as a wise public investment because, as a participant told the Eighth National Conference on School Finance, "In the deepest sense our entire economy and political structure depends on the educational system." (Lindman, 1965) And the President's Council of Economic Advisers stated:

> The education of our people is the most basic resource of our society. Education equips man to think rationally and creatively in his quest for knowledge, for beauty, and for the full life; it provides the basis for effective political democracy; and it is the most important force behind economic growth, by advancing technology and raising the productivity of workers. (Lindman, 1965)

This unique role in economic and political process is not a new assignment for education. What is new is the general understanding that

further improvement in the productivity of the economy and in the operation of the democratic political process will come largely through increased investments in education. (Lindman, 1965)

Role of Federal, State, and Local Governments

Tradition as well as early federal and state ordinances have established education as a state function. Experiences of the early colonists with the forms of government in European countries, no doubt, led them to omit from the Federal Constitution any plans for education. Education for them was a matter for individual, church, or community action. (Morphet, Johns, and Reller, 1959) The Tenth Amendment reserves to the states or to the people all powers not delegated to the United States by the Constitution. Thus, from the early national period, education has been recognized as a state function.

The people of each state have made provisions in their state constitutions for education. In most cases only basic provisions are laid down, with the job of implementing these provisions being given to the legislatures. Thus, laws or legislative acts, court decisions, rules by legally constituted boards, and opinions of state attorneys general make up the legal basis for education in each state.

The legislature of each state has what are called *plenary* powers. Thus, it may pass any laws it wishes, and require them to be observed unless the courts find them in conflict with the state constitution or the Federal Constitution.

Pertaining to school finance, the legislature may pass laws that are carefully planned and that will promote a sound educational program. On the other hand, it may pass laws that handicap school systems and prevent adoption of sound educational programs.

Authorities are in agreement that basic financial policy should be prescribed by law, but a need exists for a state board of education to make subpolicies and rules for implementing the basic policies. Johns and Morphet state that the legislature must prescribe the procedures for apportioning school funds, but that the responsibility for apportionment is usually delegated to the state board of education or the state superintendent of education. (Johns and Morphet, 1960)

All states have made provisions for some kind of local school system. In Louisiana, the local school unit is the parish (except for two city systems). In other states, various kinds of local units are found. All these units, however, derive their authority from the state. The authority of local school systems to exist, to construct schools, to levy taxes, and to

control certain aspects of education comes from the state. Court decisions have pointed out that public education is a state function, just as are the highway system, the penal system, and the public-health program.

The state, then, has paramount authority and responsibility for financing public education. This has been illustrated by the equalization practices of many states. Now, taxpayers in one city or community cannot be forced to contribute directly to another city or community. But school monies paid by the state, even though collected by the city or local government, may be used to equalize educational opportunities in any part of the state.

Even though public education is a state function, there has traditionally been a great deal of local control. Our legislatures have delegated to local school boards the major job of setting up and operating public schools. Local boards are even given authority to levy taxes and to let taxpayers vote on additional taxes for operation and school construction. However, as Moehlman has pointed out, education occupies a unique place in government. (Moehlman, 1951) While it is a state function, education has generally been kept separate from other state agencies. Though education has a great deal of local control, it has been kept apart from other local governmental bodies.

The role of the Federal Government in public education has not been settled. The recent battles over federal aid to education have highlighted the anxiety felt concerning many other federal intrusions into matters long regarded as belonging to the states. Many persons feel that the Federal Government has taken over or reserved the major taxing powers to insure that help from the Federal Government will be needed to finance education in the future. Federal taxation has increased to such an extent that presently a large percent of all taxes are levied by the Federal Government. However, it should be pointed out that the agency which collects the tax often is not the user. The Federal Government transfers funds to state and local governments, and state governments transfer funds to local governments. Actions by Congress and possible actions by federal courts may help to clarify the role of the Federal Government in education during the next few years.

Quality and Cost of Education

What must be spent to have high-quality schools? Opinions vary considerably on this question. Many investigators have sought a factual answer. Answers must involve two types of measures: (1) a measure of level of expenditure, and (2) a measure of quality. (Lindman, 1965)

Almost everyone wishes to improve the quality of education, but there is little agreement as to what quality education is and how to achieve it. Some research studies have defined educational quality in such terms as number and type of teachers employed, adequacy of instructional materials and facilities, and amount of schooling provided. Other studies have measured pupil achievement on tests and used this information as a measure of quality. Still other studies have sought to go beyond quantitative data on personnel, facilities, and pupil test scores. In such studies, trained observers check many items over an extended period of time. They seek information on the schools' purposes, how teachers are teaching, and the individualizing of pupil instruction. They seek to find out if such things as development of pupil initiative and the ability to think effectively are being pursued. (National Education Association, 1957)

All of these approaches have shortcomings. Good teachers, better facilities, and more time spent in school may result in better educational returns, but better evidence in support of these conditions should be secured. Undue reliance on pupil test scores should be avoided. One school with lower test scores than another may have a better program if the backgrounds of the pupils served by the schools are considered. Most authorities agree that tests measure but a small part of what a pupil should learn in school. The value of observation in evaluating a school program is limited by the subjective nature of observation and by the qualifications and training of the observers. The determination of quality of an educational program may seem simple, but to the informed professional person this problem is known to be of great complexity.

The numerous studies which have found a high quality-cost relationship in education cannot be reviewed here. Several summaries of such studies are available. Ross, in 1958, published an analysis of more than 150 research studies concerned with improvement of educational programs. More than three hundred factors related to school quality were studied. Ross emphasized that good school quality is a complex matter and that expenditure of money is a factor of major importance in its attainment.

Mort observed that evidence is so strong it seems difficult to believe serious doubt ever existed as to the relationship between expenditure level and school quality. (Mort, 1960) The Committee on Tax Education and School Finance concludes that available factual studies overwhelmingly support the conclusion that higher-quality education is generally found in school systems which spend larger amounts per pupil and that lower-quality education is generally found in school systems which spend smaller amounts per pupil. (National Education Association, 1957)

A Significant Development

In recent years, a new and significant development has been introduced and discussed in the area of financing public education at the elementary and secondary grade levels. A study conducted by Bailey, Frost, Marsh, and Wood revealed that the amount of money state governments make available for public education is determined politically. After a comprehensive survey of eight neighboring states in the northeastern part of the nation, this research group stated:

> It is, in short, evident that political leadership is the keystone to the arch of state educational finance. Political leadership establishes the effective climate within which intellectual, private interest group, and bureaucratic leadership operates. (Bailey, Frost, Marsh and Wood, 1962)

The importance of political activity on the part of the teaching profession was made clear in the 1963 gubernatorial campaign in Kentucky. The candidate whom the teachers backed, on the strength of his proposed educational program and his past performance in connection with educational issues, won the nomination by one of the largest majorities in Kentucky primary history. It was stated that many believe the trend toward the victor started with the active participation of educators in the campaign, and as a result school people are held in higher esteem by office-seekers and other leaders. (Davis, 1963)

In describing the role of schoolmen in politics in the coming years, Bailey and others concluded:

> Here are the political realities of state aid to education. For those who believe that state governments must share an even larger burden of the cost of public education in the years ahead, the lesson is clear. The road to increased state aid is political. Those who would travel that road successfully must understand the political process in all of its ramifications. They must develop intellectual, private interest group, bureaucratic, and political leadership capable of defining goals and of mobilizing effective power for the realization of these goals.
>
> The future of public education will not be determined by public need alone. It will be determined by those who can translate public need into public policy—by schoolmen in politics. Since the quality of our society rests in large measure upon the quality of our public education, a widespread recognition that schoolmen must be not only aware of politics, but influential in politics, may be the key to our survival as a free and civilized nation. (Bailey, Frost Marsh and Wood, 1962)

CHAPTER 2

FEDERAL IMPACT ON PUBLIC SCHOOL SYSTEM OPERATIONS

Not in one document, and not upon any one dramatic occasion, can the beginning of federal participation in education be found. Rather, a gradual and increasing assumption of federal centralization can be discerned. This expanding federal influence has developed in different ways, and more frequently by indirect control than by the direct assumption of school administration and control. (Hill and Fischer, 1931) Insight into this gradual growth of federal participation in education can be traced in terms of certain significant factors. A brief review of some of these factors and their relationship follows in order to present a limited background of how and why the Federal Government has influenced the development of educational systems in the various states.

The Constitution of the United States

The Tenth Amendment of the Constitution of the United States provides that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Furthermore, the Federal Constitution makes no direct reference to education. For these reasons, it has been assumed that public education is a responsibility of the State. (Corbally, 1962)

They who seek in the Constitution implied references to education, and warrants for the powers out of which federal participation in education has developed indirectly, find many references, some of which have been interpreted by the United States Supreme Court as to their bearing on education. The following excerpts from the Constitution have, in one way or another, affected educational development in the United States. (Hill and Fischer, 1931)

1. The Preamble represents an expression of the political aspirations or ideals of the United States. Only an educational system which meets the requirements of a democratic nation can assure these political ideals.

2. Article 1, Section 8:1, provides for the common defense and general welfare of the United States. This clause has come to be known as the "General Welfare Clause."

3. Article 1, Section 8:7, has provided departments, bureaus, and

federal officials with franking privileges, as well as many special free services to certain institutions, as a means for the dissemination of knowledge.

4. Article 1, Section 8:8, represents the nearest to an explicit declaration of the powers of Congress to support education of anything contained in the Constitution in terms of justifying the authorization of national copyright and patent laws.

5. Article 1, Section 8:16, provides in part for the cooperative activity of federal and state governments in military education.

6. Article 1, Section 8:17, is a declaration of the responsibility of Congress for providing educational facilities in the District of Columbia, as well as in federal areas where forts, arsenals, camps, stations, institutions, and reservations are located.

7. Article 1, Section 10:1, has been invoked upon occasion for the purpose of protecting chartered educational institutions from legislative interference in a state. The Dartmouth College case is an example.

8. Article II, Section 2:2, empowers the President to make appointments, an authority now exercised in the appointments of the Secretary of Health, Education, and Welfare; the United States Commissioner of Education; and other significant positions.

9. Article III, Section 2:1, implies that education is a matter of national concern, and whenever state legislation is repugnant to the Constitution, an educational institution will be protected.

10. Article IV, Section 3:1, causes Congress, by means of benefits offered with stipulations embodied in enabling acts, to demand that educational requirements be accepted by the states.

11. Article IV, Section 3:2, authorizes Congress to control all property of the United States and to make needful rules and regulations to this end. This clause is of educational significance within territories and possessions of the United States.

Ordinances of 1785 and 1787 with Enabling Acts Provide Land Grants

National interest in education was revealed even before the adoption of the Constitution.

Orfield has shown that during colonial times the New England colonies, and particularly Massachusetts, developed a well-defined policy of making land grants for the support of common schools and the ministry,

and that several of the middle and southern colonies had influence on the policy adopted by the Congress of the Confederation. (Orfield, 1931)

On May 7, 1784, a committee, of which Thomas Jefferson was chairman, reported a bill "for ascertaining the mode of locating and disposing of lands in the western territory." At this time, no action was taken; and it was not until March 4, 1785, that the measure, when introduced again, received attention. It was finally passed on May 20, 1785, and became known as the "Ordinance of 1785." As this measure became the model followed in subsequent federal land grants for the promotion of education, even the form of the grant is a matter of importance. The Ordinance of 1785 provided that townships of six square miles be created and subdivided into lots of one square mile, of which the sixteenth lot of every township should be for the maintenance of public schools. (Hill and Fischer, 1931)

Policies spelled out in the Ordinance of 1785 were put into effect in 1787 by a federal contract for the sale of lands to the Ohio Company. The action by Congress became known as the "Ordinance of 1787," and contained these often quoted words expressing federal educational policy at that time: "Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall be further encouraged." (Johns and Morphet, 1960)

There followed, beginning in 1802 with the Ohio Enabling Act and extending until 1912, an ever-increasing number of federal stipulations through enabling acts affecting all areas of state services, notably education. Thus, in little more than one hundred years, federal influence in founding state systems of education increased in importance. (Hill and Fischer, 1931)

Federal Aid Manifested in Development of Programs of Higher Education

Between 1862 and 1917, the Federal Government seemed to be concerned primarily with inadequacies in the programs of institutions of higher learning. No new federal program of any major significance to public grade schools was passed by Congress during this period. However, several acts were passed which had a strong bearing on the future of federal influence in the development of state systems of higher education. Some of the more important of these acts were: (Johns and Morphet, 1960)

1. **The First Morrill Act of 1862** established the land-grant college and university system in the United States.

2. **The Hatch Act of 1887** initiated a new federally aided service—scientific investigation and experimentation in the field of agricultural education. Through this Act, funds were made available to develop agricultural experiment stations primarily with the assistance of land-grant colleges and universities.

3. **The Second Morrill Act of 1890** further strengthened the original Act of 1862 concerning the development of land-grant colleges and universities. In addition, Negro land-grant colleges were created.

4. **The Smith-Lever Act of 1914** provided for extension services by county agricultural and home demonstration agents, 4-H leaders, and specialists in agriculture and homemaking and for the professional training of teachers in those areas.

Development of Present Federal Aid Policy

The history of the present federal aid policy dates from 1911. In that year, Congress passed a statute—popularly known as the Weeks Act—which contained "an appropriation of $200,000 to enable the Secretary of Agriculture to cooperate with any state or group of states when requested to do so for protection from fire of the forested watersheds of navigable streams." There was nothing new or unusual about the payment of federal funds to states. This had been going on for more than one hundred years. Nor was it surprising that the Act should specify the purpose for which the subsidy was to be used, as this had occurred before. The Weeks Act of 1911 was significant because it contained certain provisions which were unique in federal legislation up to that time. It provided for federal inspection of state activities, and it made continuation of federal aid dependent upon federal approval of state plans. As a result, it purchased for the Federal Government control over matters which commonly had been regarded as affairs of purely state concern. Thus, the Weeks Act represented the beginning of our present subsidy system of federal assistance. (National Municipal League, 1927)

In every law which Congress has enacted since 1911 involving federal subsidy programs, three important conditions, or characteristics, have been attached: (National Municipal League, 1927)

First condition. A state, before receiving federal funds, must formally accept the federal offer. Acceptance implies that a state will do its share to make the work a success. It involves the establishment of a cooperating state agency.

Second condition. A dollar of state funds must be appropriated for every dollar of federal funds received. The appropriation of matching

state funds establishes the fact that the state is acting in good faith. It is concrete evidence that the state is interested in the work and is willing to do something more than merely spend the federal allotment.

Third condition. State plans for implementation of programs must be approved by federal officials, and state and federal money alike must be spent under federal supervision. However, the initiative remains in state hands. State officials prepare budgets, formulate policies, outline plans, choose subordinates, direct the actual work, and spend the money. But these budgets, policies, and plans must be approved by the Federal Government. State standards must be acceptable to federal officials, and state activity must produce results.

A report entitled *Federal Aid to the States*, prepared by the National Municipal League, sums up the significance of the Weeks Act in the following language:

> There is no suggestion of compulsion in all of this. A state must comply with specific conditions only if it wishes to secure its share of a federal grant. Its plans must conform to federal standards only if it desires to obtain federal money. It is entirely free to refuse the federal offer, and to carry on its own program without federal inspections or federal advice. Or it may make no provision whatever for a program or service as it sees fit. But in order to become eligible for federal allotments, it must formulate satisfactory plans, and it must execute them in a satisfactory manner.
>
> The federal offer is in no sense a club. It is an inducement offer intended to secure a reasonable measure of uniformity and reasonable minimum standards without taking from the states the control of their own affairs. In fact, it is so powerful an inducement that scarcely a state can resist it. Without attempting coercion in any way, the federal government has found a means of inducing virtually all the states to pay attention to its suggestions. (National Municipal League, 1927)

The State Marine School Act passed by Congress was the first education act to be affected by the stipulations originated in the Weeks Act. It also was an exceptionally significant addition to federal education administration. In an endeavor to stimulate state participation in nautical training, its provisions initiated in the field of education the requirement of "matching" or complementary support of federal funds by state or local allotments. (Hill and Fischer, 1931)

Fourth condition. Today, a fourth condition has been added as a result of the passage of the Civil Rights Act of 1964. In effect, Title VI of the Civil Rights Act prohibits the use of federal funds in any program in which discrimination exists. The addition of this fourth stipulation serves as an added burden upon local school boards who have relied upon federal

funds for the operation of certain programs. (Prescott, 1965). Furthermore, on July 21, 1975, the rules and regulations for implementing the federal statute prohibiting sex discrimination in education, *Title IX* of the Education Amendments, became law. The statute stated the following:

> No person in the United States shall on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance. (Department of Health, Education, and Welfare, 1975)

Selected Major Federal Legislation on Education, 1867–1973

Selected major federal legislation on education in the period 1867–1973 included the following: (Krezevich, 1975)

1867	*U.S. Department of Education created*	Now the U.S. Office of Education.
1917	*Smith-Hughes Act. P.L. 347*	64th Cong. Provided federal aid to states for vocational education in public schools below college level, and encouraged education for teachers of vocational education.
1936	*George-Deen Act*	Extended Smith-Hughes Act to include education in distributive occupations.
1941	*Lanham Act*	Provided federal assistance for school building aid for communities adversely affected by federal activities.
1944	*Servicemen's Readjustment (GI Bill). 58 Stat. P.L.284*	78th Cong. Provided federal aid for readjustment to civilian life by returning World War II veterans, and provided educational training benefits for veterans.
1944	*Surplus Property Act*	Enacted a broad policy governing surplus property disposal for educational, health, and civil defense purposes.
1945	*Fulbright Act. P.L. 584*	79th Cong. Established Board of Foreign Scholarships.
1946	*Vocational Education Act (George-Barden). P. L. 586*	79th Cong. Provided further development of vocational education in several states and territories.
1946	*National School Lunch Act*	Provided for the distribution of funds and federally purchased foods to public and nonpublic schools. In 1954 provided for an accompanying School Milk Program.
1950	*P.L. 815*	81st Cong. Provided assistance for construction of schools in federally impacted areas.
1950	*P.L. 874*	81st Cong. Established operating expenses for schools in federally affected areas.

1953	*P.L. 13*	83rd Cong. Created Department of Health, Education, and Welfare with U.S. Office of Education a constituent unit.
1954	*Cooperative Research Act. P.L. 531*	83rd Cong. Authorized U.S. Office of Education to conduct cooperative research with colleges, universities, and state education agencies.
1954	*Library Services. P.L. 597*	84th Cong. Established Library Services Program.
1958	*National Defense Education. P.L. 85–865*	Strengthened national defense and encouraged and assisted expansion and improvement of educational programs to meet critical national needs; set up college student loan funds.
1961	*Juvenile Delinquency and Youth Offenses Control Act. P.L. 87–274*	Authorized U.S. Office of Education to give technical education counsel.
1961	*P.L. 87–276*	Authorized grants to train teachers of the deaf (combined with P.L. 85-926 by P.L. 88-164).
1961	*Peace Corps Act*	Established a permanent Peace Corps to supply U.S. teachers and technicians to underdeveloped nations.
1962	*Manpower Development and Training Act, Title II, Part B. P.L. 88–164*	Authorized U.S. Office of Education to assist in retraining and occupational training programs.
1963	*Mental Retardation Facilities and Community Mental Health Centers Construction Act. P.L. 88–164*	Expanded P.L. 85-926 and established a program of research and demonstration projects in the education of handicapped children.
1963	*Higher Education Facilities Act. P.L. 88–204*	Authorized financial assistance for construction and rehabilitation of facilities in higher education.
1963	*Vocational Education Act. P.L. 88–210*	Expanded and made more comprehensive vocational educational experiences and benefits.
1964	*Civil Rights Act. (Title IV)*	Allowed the U.S. Commissioner of Education to provide technical assistance, grants, and training institutes to help communities prepare for school desegregation.
1964	*Amendments to NDEA, Impact School Aid*	Extended and expanded both the National Defense Education Act (NDEA) and the impact school aid program. NDEA institutes for the advanced training of teachers, previously limited to guidance counselors and teachers of modern languages, were broadened to include teachers of English, reading, history, and geography, teachers of disadvantaged youth, librarians and educational media specialists. The loan/grant program for the acquisition of

		certain teaching materials was expanded to include history, civics, geography, English, and reading.
1965	*Elementary and Secondary Education Act. P.L. 89–10 Bilingual Programs*	Established new federal programs to strengthen education.
1965	*National Vocational Student Loan Act. P.L. 89–287*	Established a program of loans to students in vocational and technical schools.
1965	*Higher Education Act of 1965. P.L. 89–329*	Established seven new programs designed to strengthen institutions of higher education and provide student assistance.
1966	*International Education Act. P.L. 89–698*	Provided for strengthening American education resources for international studies and research.
1966	*Child Nutrition Act*	Amended the National School Lunch Act by authorizing a special milk program through 1970, a 2-year pilot school breakfast program, and a permanent nonfood assistance program for economically depressed areas.
1966	*Demonstration Cities and Metropolitan Development Act*	Authorized the Secretary of Housing and Urban Development to make grants and provide technical assistance to transform slum areas into "model" neighborhoods. Education services for the poor and disadvantaged must be a part of every project.
1967	*Elementary and Secondary Amendments: Dropout and Bilingual Programs*	Extended ESEA through fiscal 1970; transferred Title III and Title V to state control; established dropout prevention projects and bilingual programs.
1967	*Education Professions Development Act*	Extended Teacher Corps for three years; provided $1.1 billion for broadened training programs for education personnel.
1968	*Vocational Education Amendments*	Reorganized and expanded federal vocational education programs; making the basic state program authorization permanent and extending others for up to four years. With spending authorization of over $3 billion confirmed, the act redirects federal programs from training in specified occupational categories to preparation of all groups for adaptability to a rapidly changing job market. Provided an eventual quadrupling of federal funding and added new emphasis on dropouts.
1970	*Drug Abuse Education Act*	Authorized $29 million over 3 years for drug abuse training, materials, seminars, and pilot projects, and $29 million for community-based programs.

1970	*U.S. Office of Education FY 1971 Appropriation Act: School Desegregation Aid*	Included $75 million to help school desegregation, and Whitten amendment prohibiting use of federal funds for forced busing.
1970	*Elementary and Secondary Amendments*	Extended ESEA through Fiscal 1973; consolidated Title III (supplementary service) with NDEA Title V-A (guidance and counseling); increased authorization for Title I; expanded impact aid to include children who live in public housing; however, no funds were appropriated for public-housing children; and extended the 1968 Vocational Education Amendments.
1971	*Office of Education and Related Agencies Appropriations Act, 1972. P.L. 92-48*	Section 309. "No part of the funds contained . . . may be used to force any school or school district which is desegregated . . . to take any action to force the busing of students"; to force on account of race, creed, or color the abolishment of any so desegregated; or to force the transfer or assignment of any student attending any elementary or secondary school so desegregated to or from a particular school over the protest of his or her parents or parent. Section 310. "No part of the funds contained . . . shall be used to force any school or school district which is desegregated . . . to take any action to force the busing of students; to require the abolishment of any school desegregated; or to force on account of race, creed, or color the transfer of students to or from a particular school so desegregation as a condition precedent to obtaining Federal funds otherwise available to any State, school district or school."
1972	*Education Amendments of 1972. P.L. 92-318*	Expanded and revised most higher education laws, creating new programs of institutional and student aid; established an Education Division within HEW, composed of the Office of Education and the National Institution of Education, headed by an assistant secretary for education; increased federal support for career (vocational) education, Indian education, and consumer education; established ethnic cultural heritage studies; and provided financial aid for school desegregation.
1972	*State and Local Fiscal Assistance Act of 1972, P.L. 92-512*	Authorized a 5-year program for sharing $30.2 billion of federal revenues with state and local governments.
1972	*Supplemental Appropriations FY 1973. P.L. 92-607*	Included approximately $1.1 billion for programs under Education Amendments of 1972, P.L. 92-318.

An Issue of Debate

Probably no other issue in school finance has been the subject of as much discussion and debate as has the issue of federal aid to education. As a result, numerous reasons favoring and opposing federal aid have been advocated by proponents and opponents of this form of financing elementary and secondary education. Views of these two groups are as follows:

Proponents. Some of the reasons advanced by the proponents of federal aid to education are: (Corbally, 1962)

1. Education is important to the continuation of the American way of life and should be supported by federal funds.
2. Since federal tax collecting is so efficient that it reduces the ability of states and local government to raise new revenue, federal revenue should be made available to the state to support public education.
3. Federal aid is needed particularly by certain states which are less able than others to finance education.
4. Since the costs of education are rising so rapidly, it is necessary to utilize tax funds from all levels of government.

Opponents. Individuals and groups opposed to federal aid to education maintain that: (Corbally, 1962)

1. Since education is a state function under the terms of the Constitution, federal funds should not be used for the support of public education.
2. Federal support of education will bring federal control of education, resulting in drastically reduced local influence on education.
3. It is inefficient to send tax dollars to Washington and then have the Federal Government return some of this revenue to the various states to support public education.
4. Any state can support a program of public education without federal assistance if that state makes the necessary effort.
5. The cost of public education is too high. Therefore, efforts should be directed toward trimming school expenditures.

The United States Supreme Court and Pertinent Cases

The influence of the United States Supreme Court in terms of finance

programs for public elementary and secondary school systems has been and continues to be of major significance. Some of the major areas in finance on which the Court has rendered decisions include:

a. Use of public funds in religious-oriented elementary and secondary schools.

b. The Frothingham Rule and the Flast-Cohen Decision

c. Use of property tax systems as a source for funding public elementary and secondary school systems.

Generally, two amendments to the United States Constitution are used by taxpayers in litigation involving school finance programs. Specifically, the "establishment clause" of the First Amendment and the "due process" and "equal protection" clauses of the Fourteenth Amendment are cited as basic provisions of the Constitution which state finance programs, in the opinion of taxpayers, may violate.

The First Amendment provides that ". . . Congress shall make no law respecting an establishment of religion . . ." whereas, the Fourteenth Amendment stipulates that ". . . no State shall deprive any person of life, liberty, or property, without due process of law. Nor deny to any person within its jurisdiction the equal protection of the laws. . . ." (Hervey, Federal textbook on Citizenship, Our Constitution and Government)

Use of public funds in religious-oriented schools. The cases concerned with this subject are summarized in chronological order.

1. *1899—Bradfield* v *Roberts*. This case does not deal directly with the question of using public funds for religious schools, since a hospital rather than a school was the object of litigation. However, the decision is often indicated as a precedent for lawful use of public monies for any religious purpose. The Court declared this program constitutional.

2. *1908—Quick-Bear* v *Leupp*. The United States Supreme Court heard its first case concerning the legality of using federal monies for the support of religious-oriented schools, in this suit involving the Sioux Indians domiciled on the Rosebud Reservation in South Dakota. The Court ruled constitutional an effort by the Sioux to use a prorata share of an Indian trust fund for the education of their children in the St. Francis Mission, a Catholic school. The significance of the case lies in its precedent as the first in which the legal use of public funds in religious-oriented schools is an issue.

3. *1930—Cochran* v *Louisiana State Board of Education*. This case involved a 1928 law in Louisiana that required the State Board of Educa-

tion "to provide textbooks for all school children free of cost to them." The cost of the textbook program was to be borne from the proceeds of the severance tax. The state insisted that the purpose of the law was to aid children and not schools. The state maintained that "it was for the children's benefit and the resulting benefit to the state that the appropriations were made." The state was persistent in its view that schools did not benefit from the appropriations. It maintained that "the schools obtain nothing from them nor are schools relieved of a single obligation of them; rather the school children and the state alone are the beneficiaries." It was on this contention that the Supreme Court declared the textbook program constitutional, thereby giving birth to the so-called child benefit theory.

4. *1947—Everson* v *Board of Education.* The Court declared constitutional a New Jersey state law that would reimburse parents for the cost of transporting their children to public or religious-oriented schools as long as the schools were not operated for a profit. Objection had been raised in terms of the establishment and due process clauses. The Court contended that the aid given was designed as a safety measure for the children of the public—in fact, the law was passed to satisfy a public need. Further, the court insisted that to inhibit New Jersey in its efforts to provide safety to its citizens would serve to prevent the state from being neutral in its application of the First Amendment. Rather, if a limitation was provided by the Court, it would require the state to be an adversary of the First Amendment.

5. *1968—Board of Education* v *Allen.* This case was concerned with a New York law that provided local public school officials to lend textbooks, free of charge, to all students regardless of type of school attended. The Court declared the program constitutional and thus disallowed taxpayer contention that this practice was in violation of the First Amendment. Rather, the Court indicated that the New York law has "a secular legislative purpose and a primary effect that neither advances nor inhibits religion."

6. *1971—Lemon* v *Kurtzman.* This case involved a Pennsylvania law entitled Nonpublic Elementary and Secondary Education Act. This piece of legislation, passed in 1968, had authorized the State Superintendent of Education to "purchase certain secular educational services from nonpublic schools," directly reimbursing those schools for teacher salaries, instructional materials, and textbooks. No payment was to be made for any course containing any subject matter expressing religious teaching or the morals or forms of worship of any sect. The complaint challenged the constitutionality of the law on the grounds that church-

affiliated schools are controlled by religious organizations. The Court used the term "excessive entanglement" between church and government in declaring the program unconstitutional.

7. *1971—Di Censo* v *Robinson*. Rhode Island's 1969 Salary Supplement Act provided a 15 percent salary supplement to teachers in nonpublic schools at which the average per-pupil expenditure on secular education was below the average in public schools. Eligible teachers included those instructors teaching courses offered in the public schools and using materials utilized in the public schools. Furthermore, eligible teachers must not be engaged in religious instruction. Complaints were registered that such programs violated the First Amendment. Once again the Court viewed such programs as unconstitutional. It contended that the surveillance and inspection required in the program to prevent violations was loaded with the sort of entanglement the Constitution forbids.

8. *1973—Committee for Public Education and Religious Freedom* v *Nyquist*. This case involved a law in New York that provided a three-part program. In addition, the legislature included a rationale in support of each benefit the statute provided. *First*, the law provided direct money grants to qualifying private and parochial schools who served a large percentage of children from families with low income. Grants were to be used to provide maintenance and repairs of school facilities based upon the age of such facilities. The rationale for such assistance as viewed by the legislature stipulated the state has a primary responsibility to insure the health, welfare, and safety of children attending nonpublic schools. *Second*, the legislature established a tuition reimbursement plan for parents with an annual income of less than $5,000 whose children attended a nonpublic school. The reimbursement plan provided $50 per pupil for elementary schools and $100 per pupil for secondary schools. Under no circumstances would grants exceed 50 percent of actual tuition. The rationale of this phase of the program represented a sincere desire and effort on the part of the state to provide alternative educational systems for a pluralistic society. In addition, the state was of the opinion that in the event private schools were closed, such action would impose an excessive burden upon the public school system and cause a decline in quality education for all students. *Third*, the statute provided tax relief for parents who did not qualify under the previous provisions. This part provided parents with opportunities to deduct a fixed amount from their adjusted gross income in computing state income tax for each child enrolled in a nonpublic school. In its rationale, the New York legislature insisted that such enactments were secular, neutral and non-idealogical. Objections were raised by the Committee for Public Education and Re-

ligious Freedom, an organization of taxpayers and citizens dedicated to the ideal of separation of church and state. A Federal District Court in New York declared Parts I and II of the statute unconstitutional and Part III as constitutional, however, the United States Supreme Court declared the entire New York package as unconstitutional. Justice Powell, writing the majority opinion, immediately established the historical test application to the New York aid package as follows:

a. Does the law have a secular legislative purpose?
b. Does the law effectively neither advance nor inhibit religion?
c. Does the law "excessively entangle" government and religion?

In Part I, Powell recognized the nobility, love and necessary attention and interest concerning legislative efforts to preserve and maintain a healthy and safe educational environment. The opinion also recognized the legislature's moral imperative to be concerned. However, Powell stated that it simply could not be denied that the program proposed in Part I had a primary effect that advanced religion in that it subsidized directly the religious activities of sectarian elementary-secondary schools. In response to philosophical questions raised concerning similar aid allowed in bus transportation and textbooks, it was recognized that religious (sectarian) schools performed certain secular (non-religious) functions and that occasional forms of aid may be channeled through the secular without providing direct aid to the sectarian. Powell recognized that the channel was narrow for such assistance. Nonetheless, the majority opinion concluded that the maintenance and repair aid for parochial schools violated the establishment clause.

In Part II, Powell insisted again that the provisions relative to "tuition reimbursement credits" must also fail the test for the same reasons as Part I. In addition, to offset appellant claims based on the Everson and Allen Decisions, the majority opinion viewed transportation and textbook assistance in the same vein as police and fire protection, sewerage disposal, highways, and sidewalks. These services were considered as citizen benefits and not religious benefits.

In Part III, the majority opinion stipulated no difference between tuition grants and income tax deductions. The Court indicated a distinction without a difference in these programs. (Information re decisions concerning issue based upon No. 1 in NOLPE Series, Church-State Relations)

The Frothingham Rule and the Flast-Cohen Decision. The Frothingham Rule originated in 1923 as a result of an attack by a Mrs. Frothingham on the Maternity Act of 1921, a federal law designed to reduce infant mortality. It was contended that Congress did not have authority

to enact such legislation as this was an issue reserved by the Tenth Amendment to the domain of the states. As a result, in her opinion, taxes appropriated for the operation of the law constituted a violation of the due process clause. The United States Supreme Court agreed unanimously that any possible injury Mrs. Frothingham might suffer from the utilization of her taxes in the operation of the program was so inconsequential and so in common with every other taxpayer that she had no special right to judicial review. The Court contended that if it had agreed to consider Mrs. Frothingham's plea, it would have committed itself to reviewing every federal appropriation that any taxpayer felt generally exceeded the delegated powers of Congress. Such an action would have left the Court in the position of claiming general supervisory power over Congress. The ensuing litigation might also have so tied up the administration of laws that policy would have been seriously impeded.

The Frothingham Rule was uniformly applied by the Court from 1923 to 1968, a period of 45 years, and had a totaliy protecting effect on the application of the provisions of the Establishment Clause. However, in 1968, in the Flast v Cohen Decision the Court dropped the Frothingham Rule. The consequence of the Flast v Cohen Decision was that the pattern of delegating administrative authority and funds to church agencies participating in federal programs was now subjected to judicial review. (Information re the Frothingham Rule and the Flast-Cohen Decision based upon Volume L, *Phi Delta Kappan*, October 1968)

Use of property tax systems as a source for funding public elementary and secondary school systems. On August 30, 1971, a landmark opinion on school finance was rendered by the California Supreme Court in the case of Serrano v Priest. The court held that "the level of spending for a child's publicly financed elementary or secondary education should not depend upon the wealth of the child's school district or family." The Court found that as a direct result of the policy related to school district property tax systems the residents of a "poor" district often pay taxes at a higher rate than more "wealthy" districts to obtain the same or less education for their children. Such tax inequities were deemed in violation of the "equal protection" clause of the Fourteenth Amendment of the Constitution of the United States. The seeds of a school finance revolution were sown. (Education Commission of the States, April 1972, *Understanding Education's Financial Dilemma*)

More than 30 Serrano-type cases reached state and federal courts. The proliferation of litigation in this area reflects the nationwide crisis in school finance in the 1970's. Some of the cases that originated included the following: Minnesota—Van Dusartz v Hatfield; New Jersey—Robinson v

Cahill; Wyoming—Sweetwater County v Hinkle; Arizona—Hollins v Sofstall; Colorado—Allen v County of Otero; Florida—Hargrove v Kirk, and Texas—Rodriquez v San Antonio School District.

Of the more than three score cases originating in this area the United States Supreme Court agreed to review the complaint of Demetris Rodriguez on appeal from the United States District Court for the Western District of Texas. Justice Powell delivered the majority opinion of the Court. Due to the significance of the decision, a syllabus released at the time the opinion was rendered, is presented in its entirety. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. The syllabus stipulated the following:

> The financing of public elementary and secondary schools in Texas is a product of state and local participation. Almost half of the revenues are derived from a largely state-funded program designed to provide a basic minimum educational offering in every school. Each district supplements state aid through an ad valorem tax on property within its jurisdiction. Appellees brought this class action on behalf of school children said to be members of poor families who reside in school districts having a low property tax base, making the claim that the Texas system's reliance on local property taxation favors the more affluent and violates equal protection requirements because of substantial interdistrict disparities in per-pupil expenditures resulting primarily from differences in the value of assessable property among the districts. The District Court, finding that wealth is a suspect classification and that education is a "fundamental" right, concluded that the system could be upheld only upon a showing which appellants failed to make, that there was a compelling state interest for the system. The court also concluded that appellants failed even to demonstrate a reasonable or rational basis for the state's system.
>
> The Court held:
>
> 1. This is not a proper case in which to examine a State's laws under standards of strict judicial scrutiny, since the test is reserved for cases involving laws that operate to the disadvantage of suspect classes or interfere with the exercise of fundamental rights and liberties explicitly or implicitly protected by the Constitution.
>
> a. The Texas system does not disadvantage any suspect class. It has not been shown to discriminate against any definable class of "poor" people or to occasion discriminations depending on the relative wealth of the families in the district. And, insofar as the financing system disadvantages those who, disregarding their individual income characteristics, reside in comparatively poor school districts, the resulting class cannot be said to be suspect.
>
> b. Nor does the Texas school-financing system impermissibly interfere with the exercise of a "fundamental" right or liberty. Though education is one of the most important services performed by the State, it is not within the limited category of rights recognized by this Court as guaranteed by the Constitution. Even if some

identifiable quantum of education arguably entitled to constitutional protection to make meaningful the exercise of other constitutional rights, here there is no showing that the Texas system fails to provide the basic minimal skills necessary for that purpose.

c. Moreover, this is an inappropriate case in which to invoke strict scrutiny since it involves the most delicate and difficult questions of local taxation, fiscal planning, educational policy, and federalism, considerations counseling a more restrained form of review.

2. The Texas system does not violate the Equal Protection Clause of the Fourteenth Amendment. Though concededly imperfect, the system bears a rational relationship to a legitimate state purpose. While assuring basic education for every child in the State, it permits and encourages participation in and significant control of each district's schools at the local level. (Supreme Court of the United States Syllabus, San Antonio Independent School District et al v Rodriguez et al)

Criteria For Evaluating Federal Education Programs

With the recent expansion of federal activities in education, it is important at this time to examine the role of the Federal Government in financing elementary and secondary schools and the federal programs for implementing that role. Three basic questions must be asked concerning each existing or proposed federal program:

a. Is the *purpose* worthy and appropriate to the Federal Government?

b. Is the *method* effective for accomplishing the purpose?

c. Is the *design* of the program conducive to sound local-state-federal relationships?

Is the Purpose of Each Program Worthy and Appropriate for the Federal Government?

In deciding what educational purposes are worthy and appropriate for the Federal Government, first consideration should be given to those educational problems which transcend state lines. Recent events have shown that educational neglect in one state can be a factor contributing to riot in another. Since educational deficiencies cannot be quarantined within state boundaries, educational isolationalism practiced by individual states cannot be sound national policy. The Federal Government clearly has a responsibility to act to strengthen public schools in all states. Only by so doing can a state be protected against the spillover effects of educational neglect in other states. Thus, one worthy and appropriate purpose of federal action is to make general purpose grants to states to supplement state and local funds and to encourage

states to expend for public schools amounts needed to maintain an adequate basic school program for all children and youth who choose to attend the public schools.

In addition to its general concern for strengthening the total ongoing public school program in each state, the Federal Government has a special responsibility to assist in the education of disadvantaged children. This responsibility has its origins deep in the history of our country, although immediate concern arises partly from the large number of educationally disadvantaged families that have migrated from one state to another in recent years. Thus, a second worthy and appropriate purpose of federal action is to provide special purpose grants for compensatory or remedial education to assist states in educating disadvantaged children.

The Federal Government has increasingly accepted responsibility for reducing unemployment, and Congress has, in recent years, enacted a number of laws to this end. But unemployment cannot be eliminated without suitable vocational education programs in all states. In order to meet its responsibility for full employment, a worthy and appropriate purpose of federal action is to provide special grants to states for vocational education including vocational programs for adults.

The chief source of local revenues for public schools is the property tax. More than half of all revenues of public schools are derived from this source. The Federal Government is the largest property owner in the United States and its property is tax-exempt. This condition obviously leaves a large gap in the tax base of America's public schools. A worthy and appropriate purpose of federal action is to remedy this gap by making contributions to public schools to compensate for deficiencies in the school tax base resulting from the tax-exempt status of federal property.

In the past the Federal Government has made contributions for the education of individuals for whom it accepts a special responsibility. The education of native Indian children is a case in point. More recently, contributions have been made for the education of veterans and for Cuban refugees. These obligations have been properly accepted by the Federal Government. It is, therefore, a worthy and appropriate purpose of federal action to contribute toward the cost of education for veterans and for other individuals for whom the Federal Government has accepted a special responsibility.

Common to all states is a need to improve education through research and development programs. If each state were to finance all of its own educational research and development, excessive costs or inadequate programs or both would be inevitable. Therefore, as a service to all schools, it is a worthy and appropriate purpose of federal action to finance research and development programs designed to improve the quality of education in all states.

If a federal educational program is designed to accomplish one or more of the foregoing six purposes it should receive a favorable rating under question number one.

Are the Administrative Arrangements Effective and Conducive to Sound Federal-State-Local Relationships?

Worthiness and appropriateness of purpose are not enough. If the federal-state-local partnership is to function to maximum advantage, the assignment of responsibilities to each partner must utilize the special strengths of each while compensating for the weaknesses. Moreover, each partner must perform his duties without interfering unnecessarily with the essential contribution of the other two partners.

Historically and legally the state government occupies a central role in the public school partnership. If the total public school program is to function effectively, the state must be in a position to coordinate federal programs with state and local programs and to provide needed supervision and direction. For this reason federal programs should not by-pass state governments; instead federal grants for public schools should be made to state departments of education to be allocated to local schools by them in accordance with state plans. This arrangement not only respects the central role of state governments in the field of education but also avoids excessive growth of the federal bureaucracy.

Over a period of years, states have developed elaborate plans for granting state funds to local school systems. More recently, the Federal Government has launched a number of categorical aid programs. Inevitably some of the new federal programs duplicate the purpose of some existing state-aid programs. For example, some states have provided aid to local school districts for compensatory or remedial education. With the recent entrance of the Federal Government into this field it may be in the best interest of education for the state to transfer some of its funds to other

equally important purposes. To permit such flexibility in the use of state funds, when the Federal Government and a state grant funds to local school districts for the same or for closely related purposes the federal grant should not be contingent upon continuation of the state grant. Only by preserving the right of the state to adjust its grant program can the state discharge its obligation to the overall education partnership.

The amounts of federal funds to which individual states or local school districts are entitled should be determined by objective formulas, reducing to a minimum discretionary power of federal officers in the allocation of school funds. Any grant-in-aid program which authorizes federal officers to use broad discretion in allocating school funds among state or local school systems will encourage political favoritism, and another by-product will be the proliferation of expert proposal and justification writers.

In order to promote the efficient use of federal funds and to encourage sound state and local planning, federal contributions should be generally predictable for long-range planning purposes and specifically predictable for year-to-year planning. Effective use of federal grants not only requires planning but also sufficient lead time to recruit personnel and obtain facilities and equipment. Boards of education should know at budget-making time the amount of federal funds they will receive during the ensuing year.

In the interest of effective administration and sound intergovernmental relations, the Federal Government should avoid having several departments grant funds for the same or closely related public school purposes. For example, in the field of vocational education there are several programs administered by different agencies making grants to local school systems. A single federal program working through a comprehensive state plan for vocational education would avoid much confusion and would be more effective in achieving the purposes of the Federal Government.

The accounting and auditing safeguards for federal grants should utilize the procedures that the states require to safeguard their grants to local school systems. Separate accounting and auditing procedures for federal funds should be superimposed on state requirements for local accountability for state and local funds only if the latter are inadequate. Moreover, although the Federal Government might in the case of categorical grants

specify the purpose for which the funds are to be used, great freedom should be allowed to the local school system in selecting the method by which the purpose is to be achieved. This type of operational freedom is necessary if the local partner is to do his job effectively.

These criteria should be helpful in determining if the administrative arrangements of a federal program are effective and conducive to sound federal-state-local relations.

Does the Combined Effect of all Federal Programs Promote the Development of Adequate Public School Programs in all States?

Evaluation of the Federal Government's activities in the field of education cannot be made by looking only at each individual program; in addition, the combined effect of all programs must be considered. It is only in this way that gaps can be detected and that the cumulative effect of various programs can be assessed.

Serious questions have been raised about the effective operation of federal aid programs. It has been charged that the combined effect of numerous categorical aids has produced a deluge of red tape that has hampered public school functioning; that educational talent is being wasted in writing up applications for small amounts of federal money; that the emphasis upon innovation, and the search for funds to subsidize it, has resulted in the neglect of programs which have proved valuable in the past. In short, there is a growing conviction that the expanding list of federal categorical aids has produced confusion, instability, and distortion of educational emphasis.

This statement sets forth criteria for the review of existing and proposed federal grant programs for public schools. The criteria are based on a point of view which balances (a) the need for general aid to education and, in some cases, for special aids, and (b) the need to preserve state and local control of education. The criteria are as follows:

1. The major contribution of the Federal Government to the partnership should be made through a basic financial program of support to the states. General aid for elementary and secondary education should be available to all pupils and programs as determined by local and state plans for improving educational opportunity.

2. The federal share of fiscal support of elementary and secondary schools when combined with state and local tax resources should be sufficient to provide adequate educational services and facilities in all state-local school systems.

3. The amount of aid should be generally predictable for long-range planning and specifically predictable for year-to-year planning. School programs require planning and sufficient time to recruit personnel and obtain facilities and equipment. If the partnership is to function efficiently, it is necessary for local boards of education to know at budget-making time the amount of federal funds they will receive during the ensuing year.

4. The amounts of federal funds to which individual states or local school districts are entitled should be determined by objective formulas, reducing to a minimum the discretionary power of federal officials. The formula for distributing federal funds should recognize the wide variation in the states' ability to finance education.

5. Federal funds for education should be allocated to state governments to be distributed to local schools by them in accordance with state plans. This general method of administering federal funds for education permits the state to play its crucial and appropriate role in the coordination of federal and state programs.

6. The accounting and auditing safeguards for federal grant funds should be applied at the state level utilizing the procedures that are required by the states to safeguard state grants to local school systems. Separate accounting and auditing procedures for federal funds should not be superimposed on state requirements for local funds.

7. Special purpose grants appropriately supplement general purpose grants to stimulate the development of educational programs of critical national concern; to finance the research, development, and demonstration phases of special educational problems; or to meet the Federal Government's obligation as a landowner and employer for payments in lieu of local property taxes. Special grants should be limited in number and should comprise a small portion of the total federal aid. All special grant distributions should be reviewed by the Congress periodically, and the funds should be transferred to the general purpose grant funds when the specified purpose of the grant has been accomplished.

8. All federal educational programs should be administered by the U.S. Office of Education at the federal level, by the state educational agency at the state level, and by the local educational agency at the local level. Interests of other federal agencies in educational programs, in the field of health, welfare, labor, and others should be coordinated by the U.S. Office of Education.

(Statements presented in the section concerned with *Criteria for Evaluating Federal Education Programs* were part of an address delivered by Dr. Eric Lindman, UCLA, before a National Education Association School Finance Meeting. Credit is acknowledged to Dr. Lindman for his views presented verbatim in this section.)

CHAPTER 3

GENERAL PROVISIONS OF THE CONSTITUTION OF LOUISIANA CONCERNING REVENUE AND FINANCE

Today, a substantial share of the support for the operation of the public elementary and secondary school system in Louisiana is derived from state sources. However, the adoption of a new state constitution in 1974, which became effective on January 1, 1975, changed a basic philosophy in terms of funding state services. Eliminated by the new constitution was the formal dedication of specific state taxes to subsidize functions of government. Hence, past dedications of the ad valorem and severance taxes are no longer made to the State Public School Fund.

Power to tax; public purpose. The power of taxation shall be vested in the legislature, and this authority shall never be surrendered, suspended, or contracted away, and shall be exercised for public purposes only. (Article VII, Section I, Constitution of Louisiana)

Power to tax; limitation. The levy of a new tax, an increase in an existing tax, or a repeal of an existing tax exemption shall require the *enactment of a law by two-thirds of the elected members of each house of the legislature.* (Article VII, Section 2, Constitution of Louisiana)

State debt; full faith and credit obligations. Unless authorized by the constitution, the state shall have no power, directly or indirectly, or through any state board, agency, commission, or other body, to incur debt or issue bonds except by law enacted by two-thirds of the elected members of each house of the legislature. The debt may be incurred or the bonds issued if the funds are to be used in the following manner:

1. To repel invasion
2. Suppress insurrection
3. Provide relief from natural catastrophies
4. Refund outstanding indebtedness at the same or a lower effective interest rate.
5. To make capital improvements, but only in accordance with a comprehensive capital budget adopted by the legislature. The nature and location and, if more than one project, the amount allocated to each and the order of priority must be stated in the comprehensive capital building budget adopted by the legislature. (Article VII, Section 6, Paragraph A-B, Constitution of Louisiana)

The full faith and credit of the state is pledged to the repayment of all

bonds or other evidences of indebtedness issued by the state directly or through any state board, agency, or commission. The full faith and credit of the state is not pledged to the repayment of bonds of a levee district, political subdivision, or local public agency. In certain instances, state boards, agencies, or commissions are authorized to issue bonds payable from fees, rates, rentals, tolls, charges, grants or other receipts which do not carry the pledge of the full faith and credit of the state. (Article VII, Section 6, Paragraph C, Constitution of Louisiana)

The legislature, by a two-thirds vote of the elected members of each house, may propose a statewide public referendum to authorize incurrence of debt for any purpose for which the legislature is not authorized to incur debt. (Article VII, Section 6, Paragraph D, Constitution of Louisiana)

State debt; interim emergency board. The Interim Emergency Board exists as a result of the new constitution. Membership of the Board consists of the following:

1. Governor
2. Lieutenant Governor
3. State Treasurer
4. Presiding officer of each house of the legislature
5. Chairman of the Senate Finance Committee
6. Chairman of the House Appropriations Committee. (Article VII, Section 7, Paragraph A, Constitution of Louisiana)

Between sessions of the legislature, the board may appropriate from the general fund or borrow on the full faith and credit of the state, whenever the board by majority vote determines that an emergency exists. Such funds must be for a purpose for which the legislature may appropriate funds and written consent of two-thirds of the legislature must be secured. An emergency is an event or occurrence not reasonably anticipated by the legislature. (Article VII, Section 7, Paragraph B, Constitution of Louisiana)

The amount made available for a fiscal year cannot exceed one-tenth of one percent of total state revenue receipts for the previous fiscal year. (Article VII, Section 7, Paragraph C, Constitution of Louisiana)

State funds—deposit in State Treasury and credit to Bond Security and Redemption Fund. All money received by the state or by any state board, agency, or commission shall be deposited immediately upon receipt in the state treasury except that received:

1. As a result of grants or donations or other forms of assistance

when the terms and conditions or of agreements pertaining require otherwise;

2. By trade or professional associations;

3. By the employment security administration or its successor;

4. By retirement system funds;

5. By state agencies operating under authority of the Constitution preponderantly from fees and charges for the shipment of goods in international maritime trade and commerce;

6. By a state board, agency, or commission, but pledged by it in connection with the issuance of revenue bonds as provided in Paragraph C of Section 6 of Article VII, other than any surplus as may be defined in the law authorizing such revenue bonds.

(Article VII, Section 9, Paragraph A, Constitution of Louisiana)

Subject to contractional obligations existing on January 1, 1975, all state money deposited in the state treasury shall be credited to a specific fund designated as the Bond Security and Redemption Fund. In each fiscal year an amount is allocated from the Bond Security and Redemption Fund sufficient to pay all obligations which are secured by the full faith and credit of the state and which become due and payable within the current fiscal year, including principal, interest, premiums, sinking or reserve fund, and other requirements. Thereafter, except as otherwise provided by law, money remaining in the fund shall be credited to the state General Fund.

(Article VII, Section 9, Paragraph B)

Expenditure of state funds. The following provisions are important in terms of the expenditure of state funds:

1. Money shall be drawn from the state treasury only pursuant to an appropriation made in accordance with law.

2. Total appropriations by the legislature for any fiscal year shall not exceed anticipated state revenues for that fiscal year.

3. The legislature shall have published a regular statement of receipts and expenditures of all state money at intervals of not more than one year.

4. No appropriation shall be made except for a public purpose.

(Article VII, Section 10, Paragraphs A-D)

Budgets. The governor shall submit to the legislature at a time fixed by law, a budget estimate for the next fiscal year setting forth all proposed state expenditures and anticipated state revenues. He shall cause to be submitted a general appropriation bill for proposed ordinary operating expenditures and, if necessary, a bill or bills to raise additional revenue. In addition, the governor shall submit to the legislature at each regular session, a proposed five-year capital outlay program and request implementation of the first year of the program. Capital outlay projects approved by the legislature are required to be made a part of the comprehensive state capital budget, which shall be adopted by the legislature. (Article VII, Section II, Paragraphs A-B)

Investment of state funds. All money in the custody of the state treasurer which is available for investment shall be invested as provided by law. (Article VII, Section 13)

Legislation to obtain federal aid. The legislature may enact laws to enable the state, its agencies, boards, commissions, and political subdivisions and their agencies to comply with federal laws and regulations in order to secure federal participation in funding capital improvement projects. (Article VII, Section 17)

CHAPTER 4

STATE TAXES LEVIED IN LOUISIANA

Introduction

Characteristics of a tax. Taxes have characteristics. Usually included in this category are the following factors:

1. A tax has a rate and a base. The base may be expressed in monetary amounts or as cubic feet, board feet, barrels, ton, cord, among others. Certain relationships may exist between the base and the rate.
   a. Proportional tax. A tax is proportional whenever the rate remains constant as the base increases.
   b. Progressive tax. A tax is progressive whenever the rate increases as the base increases.
   c. Regressive tax. A tax is regressive whenever the rate decreases as the base increases.
2. A tax has an incidence, that is, someone will ultimately pay the tax. Factors usually associated with tax incidence include:
   a. Impact. The impact is defined as that point at which the tax is initially levied or imposed.
   b. Shifting. Shifting is the process whereby the burden of payment is changed from the point of impact to another.
   c. Effect. This term includes the consequences which follow as a result of shifting the tax burden.
3. Primary use of the tax. A tax may be levied for several reasons, however, the more common purposes usually include raising revenue and control of a business.

Criteria for determining the "goodness of a tax." Frequently, reference is made to a tax as being a "good tax." What does the term mean? What are some items which govern whether or not a tax is "good" or "poor"? Some common criteria listed include:

1. Administration. Associated with this term is the collection procedure. The ease with which a tax may be collected and the cost of collection are significant features to be considered.
2. Benefit. Who will benefit from the tax levy? In terms of a school tax levy, will several school groups participate or will a limited number benefit? This is an important consideration.
3. Acceptability of the tax. How acceptable is the tax? Is the paying public or consumer receptive to the tax? Is it highly visible? These are a few of the significant questions which must be considered in terms of tax acceptability.

4. Ability of people to pay the tax. Some key factors to consider in terms of this item include: Is the tax prohibitive? Is the consumer able to bear the burden of the tax? Is it realistic?

5. Purpose. Basic to the entire tax levy is the primary reason for the tax levy. Will the levy accomplish the desired purpose? If the intent is to raise revenue will the levy provide sufficient funds? If the purpose is sumptuary in nature, will the levy accomplish this objective?

Severance Tax

Authorization. Taxes may be levied on natural resources severed from the soil or water, to be paid proportionately by the owners at the time of severance. Natural resources may be classified for the purpose of taxation. Such taxes may be predicated upon either the quantity or value of the products at the time and place of severance. No further or additional tax or license shall be levied or imposed upon oil, gas, or sulphur leases or rights. No additional value shall be added to the assessment of land by reason of the presence of oil, gas, or sulphur or their production. However, sulphur in place shall be assessed for ad valorem taxation. Likewise, the severance tax shall be the only tax on timber; however, standing timber shall be liable equally with the land on which it stands for ad valorem taxes levied on the land. (Article VII, Section 4, Paragraph B)

A political subdivision of the state is prohibited from levying a severance tax. (Article VII, Section 4, Paragraph C)

Allocation. The allocations of the severance tax shall be as follows:

1. Timber. Three-fourths (3/4) of the timber severance tax shall be remitted to the governing authority (police jury) of the parish of origin. The remaining one-fourth of the timber severance tax shall be credited to the Bond Security and Redemption Fund in the state treasury. (Article VII, Section 4, Paragraph D and Act 317 of 1975)

2. Sulphur. One-third (1/3) of the sulphur severance tax but not to exceed one hundred thousand dollars ($100,000) shall be allocated to the governing authority of the parish of origin. When this limit has been reached, there shall be no further allocation and all additional collections for the year shall be credited to the Bond Security and Redemption Fund in the state treasury.
(Article VII, Section 4, Paragraph D and Act 317 of 1975)

3. All natural resources other than sulphur or timber. One-fifth (1/5) of the severance tax on all natural resources other than sulphur or timber but not to exceed five hundred thousand dollars ($500,000) shall be allocated to the governing authority of the parish of origin. When this limit

has been reached, there shall be no further allocation, and all additional collections for the year shall be credited to the Bond Security and Redemption Fund in the state treasury.
(Article VII, Section 4, Paragraph D and Act 317 of 1975)

4. Total allocation to parish of origin. The total allocation to the parish of origin from sulphur and all other natural resources other than sulphur or timber is six hundred thousand dollars ($600,000). In addition, three-fourths (3/4) of the severance tax on timber returns to the parish of origin. All funds returned to the parish of origin are remitted to the governing authority (police jury).

Opinion of the Attorney General of Louisiana. On March 17, 1975, the Attorney General of Louisiana responded to a request from the State Superintendent of Education as to the allocation of severance tax funds returned to parish of origin. Due to the significance of the opinion, the complete text is included. The opinion follows:

> Your opinion request asked whether parish school boards will continue to receive from the State of Louisiana a share of the severance taxes based on the amount of the school district's ad valorem taxes spread on the assessment rolls of each parish. The opinion deals with Art. VII, §4 (D) of the Louisiana Constitution of 1974 as opposed to Art. X, §21 of the Lousiana Constitution of 1921. Both of these sections deal with allocation of severance taxes. The old Art. X, §21 of the 1921 Constitution provided that funds from severance taxes were to be allocated to the parishes among the *governing authorities* of such parishes. The new Constitution in Art. VII, §4 (D) provides that such funds shall be remitted to the *governing authority* of the parish. Art. X, §21 of the Louisiana Constitution of 1921 reads in pertinent part as follows:
>
> ". . .
>
> The Legislature shall provide for the distribution of the funds allocated to the parishes under this provision among the *governing authorities* of such parishes which have jurisdiction over the territory from within which such resources are severed . . ." (Emphasis supplied)
>
> Art. VII, §4 (D) of the Louisiana Constitution of 1974 reads as follows:
>
> "Severance Tax Allocation. One-third of the sulphur severance tax, but not to exceed one hundred thousand dollars; one-fifth of the severance tax on all natural resources, other than sulphur or timber, but not to exceed five hundred thousand dollars; and three-fourths of the timber severance tax shall be remitted to the *governing authority* of the parish in which severance or production occurred."
>
> The procedure for allocation under the old constitutional authority included the school board as a recipient of severance tax funds, and the February 17 opinion states:

"As garnered from the debates and Committee Reports of the Constitutional Convention of 1973, the drafters of the new Constitution intended to make no change from the Constitution of 1921 as to the distribution of funds from the severance tax. 1 Official Journal, La. Const. Conv. of 1973, July 6, 1973, 127. 33 Verbatim Transcripts, La. Const. Conv. of 1973, December 15, 1973, 74."

That opinion goes on to state that:

"While the new Constitution uses the singular 'governing authority' where the old Constitution used the plural, 'governing authorities,' the change was not intended to be a material one. The Manual on Styling and Drafting for the 1973 Constitutional Convention specified that the singular of a noun should be used whenever possible, 1 Official Journal La. Const. Conv. of 1973, p. 770. The Convention, therefore, made this change in language only in the interest of style. Conroy, 'Louisiana Constitution of 1974: Taxation,' 21 Loyola L. Rev. 97 (Winter, 1975)."

It is the opinion of this office that the term "governing authority" is clear and unambiguous, referring to police jury of a parish or the equivalent thereof. It is the law of this state that when a law is clear and free from ambiguity, the letter of it is not to be disregarded to pursue the intent as the February 17 opinion did. See La. P.C.C. Art. 13. See also *State of Louisiana, Through Department of Highways v. Bradford*, 242 La. 1095, 141 So. 2d 378, *Barr v. Engler*, 165 So. 2d. 2d 28; *Gill Trailer and Equipment Rentals, Inc. v. S. D'Antoni, Inc.*, 282 So. 2d 714 (1973); and *Breaux v. Town of Oberlin*, 247 So. 2d 195. (The *Bradford* and *Barr* cases both applied the Civil Code Article on statutory construction to the Constitution.) It should be noted, however, that intent may be used when a literal interpretation of plain unambiguous language would result in an absurdity. See *In Re Cox*, 141 So. 2d 112. It is the opinion of this office that no absurd result is reached in interpreting the term "governing authority" in its most common and ordinary sense to mean the police juries and their equivalent only—excluding school boards. Indeed, all words of a law should be interpreted and understood in their most usual signification. See La. R.C.C. Art. 14, as well as *State of Louisiana, Through Department of Highways v. Bradford*, cited above; *Stokes v. Harrison*, 109 So. 2d 506, which case was affirmed by the Louisiana Supreme Court at 238 La. 343, 115 So. 2d 373; and *Sciambra v. Edwards*, 270 So. 2d 167. I would also refer you to 16 Am. Jur. 2d, Constitutional Law, §75, at pages 255-56, where it is stated that:

Words or terms used in a Constitution, being dependent on ratification by the people voting upon it, must be understood in the sense most obvious to the common understanding at the time of its adoption . . ."

Regarding the use of the transcripts of debates and committee hearings of the Constitutional Convention, I would refer you to 16 C.J.S., Constitutional Law, §31, at pages 104–105 where the following language is found:

"The proceedings, including the debates, of the convention which framed the Constitution, are valuable aids in ascertaining the meaning

and purpose of a doubtful constitutional provision; but they are powerless to vary the terms of the Constitution when the meaning is clear. . ."

A citation concurring with the above quote is found in 16 Am. Jur. 2d, Constitutional Law, 588, on page 273. That entry reads in pertinent part as follows:

". . . The question in interpreting a constitution is not so much how it was understood by its framers as how it was understood by the people adopting it. . ."

Pertaining to the issue of the common understanding of the term "governing authority," which I maintain does not result in an ambiguity, I would point to the administrative construction of the term. By the administrative construction, I am referring to the fact that the budgets of the respective police juries reflect an anticipation of increase in severance tax revenues while the budgets of the respective school boards anticipate a decrease in such revenues. Also, it is a fact that the School Board Association has appeared before Governor Edwards prior to the approval of the Constitution to obtain his support for increased funds from the State to make up for the loss of revenue from severance taxes and was given a commitment from the Governor to receive such funds.

The common ordinary interpretation of the term "governing authority" is not ambiguous, and the administrative construction of the term is consistent with the opinion of this office that the term refers to a single governing authority, be it the police jury or the equivalent thereof.

The February 17 opinion stated that the drafters of the new Constitution intended to make no change from the Constitution of 1921, to which argument I have already stated that resort to intent in this instance is not proper. However, I would point out that the change in severance tax allocation is not the only change effected by the new Art. VII, §4(D).

The Official Journal of the Constitutional Convention of 1973 (1 Official Journal, La. Const. Conv. of 1973, July 6, 1973, 127), states that the source provision of Art. VII, §4(D) will make no change in the 1921 Constitution; however, it is obvious that a comparison of the two provisions leads one to the unavoidable conclusion that there are patent changes. For example, the 1921 Constitution at Art. X, §21, cited in part above, is not self-operative and specifically requires that the severance taxes shall be "collected and expended in accordance with existing laws." Furthermore, that section of the 1921 Constitution provides that the legislature shall establish a method for distribution of severance taxes ". . . among the governing authorities. . ." In comparison, the 1974 severance tax provision is self-operative and does not mandate the necessity of implementing legislation. In fact, the provision states that the severence tax funds ". . . shall be remitted to the governing authority of the parish. . ." (See also Art. VII, §4(E) of the 1974 Constitution). Thus, the statement referred to in the Official Journal is inaccurate.

In summary, the changes which are apparent are the conversion of the severance tax allocation provision into a self-operative one as well as

the change in the manner of distribution of severance taxes from a situation where the legislature had the discretion for distribution to one at present where the Constitution mandates that the governing authority shall receive all severance tax revenues. The case of *Police Jury of the Parish of St. Charles v. St. Charles Parish Water-works District No. 2, et al.*, 243 La. 764, 146 So. 2d 800, held that legislation implementing the old Art. X, §21 of the 1921 Constitution was constitutional when resulting in a distribution of severance tax revenues not only to the police juries, but also to school boards and special districts. It is the opinion of this office that the *St. Charles* case is inapplicable due to the changes found in Art. VVII, §4(D).

It is stated in the February 17 opinion that changing the word "authorities" to "authority" was only a style and drafting change made consistent with the manual on style and drafting used by the Constitutional Convention. That manual stated that the singular of a noun should be used whenever possible. However, in Art. IX, §8 of the new Constitution, the term "governing authorities" is used when dealing with the Forestry Acreage Tax. If no significance is to be attached to the change from the plural "authorities" to the singular "authority" when dealing with severance taxes, why is "authorities" used elsewhere in the Constitution?

When dealing with changes made by the new Constitution, it would be well to note that Art. VII, §4(E) dealing with royalties allocation uses the same phrase "governing authority" when stating who receives royalties from mineral leases on state-owned lands, lakes and riverbeds. A word or phrase used in one part of the Constitution should receive the same interpretation when used in every other part, unless it clearly appears from the context or otherwise, that a different meaning should be applied. *State v. Clark*, 186 La. 655, 173 So. 138 (La. Sup. Ct. 1937); *State, Through Department of Highways v. Bradford*, cited above; 16 Am. Jur. 2d, Constitutional Law, §75; 16 C.J.S., Constitutional Law, §29. It is the opinion of this office that the same construction of the phrase "governing authority" should be given in Paragraph (D) and Paragraph (E) of §4 of Art. VII of the 1974 Constitution. However, to maintain that the phrase "governing authority" refers not only to the police jury but also to other bodies such as school boards and possibly special districts would be a departure from established procedures inasmuch as the police jury has been the sole recipient of royalty funds in the past. Indeed, even if a resort to intent were proper in this instance, no intent can be shown to change the allocation of royalty funds by the language of Paragraph (E) of Art. VII, §4 of the new Constitution. Applying the interpretation of the phrase "governing authority" as found in the February 17 opinion to Paragraph (E) would result in a windfall to the school boards not contemplated by the police juries, school boards, drafters of the Constitution, and the public at large. Another consequence of allowing the interpretation of the February 17 opinion to stand, regarding Paragraph (E), relates to the fact that bonds issued by police juries secured by royalty funds are outstanding. Art. XIV, §25 of the Constitution of 1974 reads as follows:

"Nothing in this constitution shall be construed or applied in such a

manner as to impair the obligation, validity, or security of any bonds or other debt obligations authorized under the Constitution of 1921."

To require that a source of funds pledged to secure bonds be divided when bonds are outstanding could be deemed a violation of Art. XIV, §25.

It is the opinion of this office that only police juries or their equivalent may receive severance tax revenues.

Tax rate, base, and revenue derived. In Tables 1, 2, and 3 are presented significant data relative to severance tax collections from natural resources severed from soil or water.

TABLE 1

Rate, Base and Revenue Derived from the Severance Tax On All Products 1974-75

Resources	Tax Base	Product Quantity	Tax Rate	Tax
Oil/Condensate	Value	364,522,502.89	12½%/Value	$282,483,486.72
Gas	MCF	3,730,912,260.00	.013 to .07	250,940,363.57
Gasoline and L.P.G.	BBL.	82,090,404.00	.05 to .10/BBL.	6,147,666.98
Sulphur	Long Tons	1,986,232.00	1.03 Long Ton	2,045,818.96
Timber	Bd. Feet	1,024,555,805.00	*	1,735,443.30
Gravel	Tons	14,048,082.43	03/Ton	432,132.72**
Pulpwood	Cords	3,206,961.88	*	783,337.88
Shell	Tons	10,870,421.51	.04/Ton	432,743.74
Sand	Tons	16,092,343.90	.03/Ton	501,768.29
Salt	Tons	6,089,766.62	.06/Ton	365,387.26
Salt Brine	Tons	7,334,971.83	.005/Ton	36,702.91
Stone	Tons	423,169.09	.03/Ton	12,695.10
Reforestation:				
Timber	Bd. Feet	9,125,919.00	*	46,480.83
Pulpwood	Cords	33,641.11	*	11,188.53
Total				$545,975,216.79

**Rates set annually by Louisiana Tax Commission and Louisiana Forestry Commission. For this period the rates range from as little as 15¢ per cord in the case of pulpwood to as much as $1.80 per thousand board feet for other timber.*

***Tax collected on gravel includes penalties and interest.*

Source: 35th Annual Report, Louisiana Department of Revenue, 1974–75

Sales Tax

A 3 percent sales tax is collected on retail sales of tangible personal property, on goods used or stored for use in Louisiana, on leases and rentals of tangible personal property, and on certain services. Major exemptions which became effective in 1974 include sales of food for preparation and consumption in the home and in certain institutions, drugs prescribed by physicians and dentists, insulin, orthotic and prosthetic devices, and patient aids.

TABLE 2
Distribution of Parishes In Terms of the Severance Tax Collected On All Products
1974–75

Millions (dollars)	No. of Parishes	Parish
80–89	1	Terrebonne
70–79	1	Plaquemines
60–69		
50–59	1	St. Mary
40–49	2	Lafourche, Vermilion
30–39	1	Iberia
20–29	1	Cameron
10–19	4	St. Charles, St. Martin, Jefferson, Jefferson Davis
Less than 10	53	Remainder of parishes in the state
Total	64	

Source: 35th Annual Report, Louisiana Department of Revenue, 1974–75

These revenues go into the Bond Security and Redemption Fund of the state treasury to assist in meeting the obligations secured by the full faith and credit of the state. Funds remaining from this and other sources are transferred to the state General Fund. (35th Annual Report, Louisiana Department of Revenue, 1974–75 and Article VII, Section 9, Paragraphs A-B)

Individual and Corporation Income Tax

The state has a personal income tax on resident and non resident individuals of 2 percent on the first $10,000 of net income, 4 percent on the next $40,000 and 6 percent on all net income in excess of $50,000. Personal exemptions of $2,500 for single persons and $5,000 for heads of family and married couples are allowed. The law operates on a "pay-as-you-go" plan requiring payments on estimated liability and withholding from wages.

The state further imposes an income tax on domestic and foreign corporations which is applied at the rate of 4 percent of net income. (35th Annual Report, Louisiana Department of Revenue, 1974-75)

Proceeds from the individual income tax and corporation income tax are deposited with the state treasurer in the Bond Security and Redemption Fund. Revenues remaining from these taxes and other sources are

TABLE 3

Distribution of the Severance Tax Collected In Terms of Location and Production 1974–75

Product	Three Major Parish Producers	Total Parish Producers	Collection Range for All Parish Producers
Timber	Winn, Livingston, Sabine	57	$ 20– $ 116,114
Pulpwood	Beauregard, Vernon, Bienville	60	1–62,781
Oil and Condensate	Plaquemines, Terrebonne, Lafourche	57	116–55,504,068
Gasoline or LPG	Terrebonne, St. Mary, Iberia	42	845–1,196,392
Natural Gas	Terrebonne, St. Mary, Vermilion	53	74–49,680,417
Gravel	Plaquemines, St. Helena, St. Tammany	36	37–61,899
Sand	St. John, Plaquemines, St. Charles	39	11–60,958
Sulphur	Plaquemines, Lafourche, Terrebonne	3	135,817–1,731,732
Shell	St. Tammany, St. Mary, St. John	7	1,665–144,920
Salt Brine	Assumption, Iberville, Calcasieu	8	575–14,231
Stone	Winn	1	12,695
Reforestation-timber	Allen, Rapides, Beauregard	5	328–40,131
Reforestation-pulpwood	Allen, Calcasieu, Rapides	5	71–8,399

Source: 35th Annual Report, Louisiana Department of Revenue, 1974–75.

transferred to the General Fund after meeting obligations secured by the full faith and credit of the state.

(Article VII, Section 9, Paragraph A-B)

Corporation Franchise Tax

A corporation franchise tax is a levy imposed upon domestic and foreign corporations authorized or doing business in Louisiana, or owning or using any part or all of its capital or plant in the state. The corporation tax is levied at the rate of $1.50 per $1,000 of capital stock, surplus, undivided profits and borrowed capital employed in Louisiana. As with

other state taxes the proceeds from the corporation franchise tax are deposited in the Bond Security and Redemption Fund of the state treasury for the purpose of meeting the obligations secured by the full faith and credit of the state. After these obligations have been satisfied the balance in the Bond Security and Redemption Fund is transferred to the General Fund. (35th Annual Report, Louisiana Department of Revenue, 1974-75 and Article VII, Section 9, Paragraph A-B)

Tobacco Tax

A tobacco tax is a levy imposed upon cigars, cigarettes and smoking tobacco. The first dealer who handles the tobacco products in Louisiana pays the tax. Payment is usually made through purchase of stamps or use of metered stamping machines. The present rates (1974-75) imposed upon tobacco products are as follows:

Cigars. The tax rate is from $1.20 to $40.00 a thousand based on weight and selling price.

Cigarettes. The tax rate is 11 cents per package of 20.

Smoking tobacco. The tax rate is based on the retail price and starts at 1 cent per 5-cent package.

Formerly, revenues from the tobacco tax were allocated to parishes, municipalities and Louisiana State University. Under the new constitution, revenues from this source are deposited in the Bond Security and Redemption Fund in the state treasury to meet obligations secured by the full faith and credit of the state. Once these obligations have been satisfied as a result of all tax proceeds deposited into this fund, the balance remaining is transferred to the General Fund. (35th Annual Report, Louisiana Department of Revenue, 1974-75 and Article VII, Section 9, Paragraphs A-B)

Petroleum Products Taxes

These taxes are collected on petroleum products which are either refined in Louisiana or imported. The present rates include the following:

Gasoline. The tax rate is 8 cents per gallon. The tax on fuel used in aircraft, farm machinery, fishing boats and school boats is subject to refund.

Special fuels. The tax rate on motor fuels other than gasoline is 8 cents per gallon.

Inspection fees. The state levies inspection fees for testing the quality and quantity of petroleum products.

Revenues from petroleum products taxes were formerly dedicated to the Louisiana Highway Fund or returned to parishes and local governments for road construction and maintenance. However, under the new constitution petroleum products taxes join other state taxes in that such revenues must be deposited in the Bond Security and Redemption Fund in the state treasury to meet obligations secured by the full faith and credit of the state. Once these obligations have been satisfied remaining balances are transferred to the General Fund. (35th Annual Report, Louisiana Department of Revenue 1974-75 and Article VII, Section 9, Paragraphs A-B)

Beverage Taxes

The beverage tax is a tax collected from the dealer who handles the beverage in the state. It includes levies upon beer, alcoholic beverages, soft drinks, and beer and liquor permits. Formerly, these taxes were committed to the retirement of veterans bonus bonds, the City of New Orleans, and the General Fund. Under the new constitution, these tax revenues are deposited in the Bond Security and Redemption Fund of the state treasury to meet obligations secured by the full faith and credit of the state. Remaining balances are transferred to the General Fund.

The prevailing tax rates under the beverage tax umbrella is as follows:

Beer. The tax rate on beer is $10 per 31-gallon barrel.

Alcoholic beverages. The tax rates on alcoholic beverages are $2.50 per gallon on liquor; $1.58 per gallon on sparkling wines; 11 cents per gallon on still wines under 14 percent alcohol; and 21 cents per gallon on still wines from 14 to 24 percent alcohol.

Soft drinks. The soft drink tax rate is one-eighth (⅛) of a cent per 5-cent wholesale selling price and 10 cents per gallon on syrup.

Liquor fees and beer permits. In addition to the regular beverage tax on beer, alcoholic beverages, and soft drinks, the state collects fees for permits from retailers who wish to sell liquor and beer. (35th Annual Report, Louisiana Department of Revenue, 1974–75 and Article VII, Section 9, Paragraphs A-B)

Ad valorem Tax

Definition and classification. The property tax is known as an ad

valorem tax (according to value) in that it consists of the assessment of a tax rate upon a tax base with the base expressed in value terms. Briefly, the operations of a property tax include the following:

1. Definition of property to include in the base to be taxed.

2. Assessment of the value of the property for tax purposes.

3. Establishment of a tax rate.

4. Development of collection procedures to collect the revenue as determined by applying the established rate against the value of the tax base.

The tax is paid by property owners—and this raises a question as to the definition of "property." Property may be defined as an object of value that a person may lawfully acquire and hold. Property then may include anything which can be owned. Specifically, property may be classified into the following categories:

Real property. This classification includes items which are fixed or movable in a general sense. A residence, while it may be moved, is generally considered to be fixed. A machine installed in a rather permanent fashion, is not considered to be real property.

Personal property. This category consists of items which are considered to accompany a person as one moves from one locality to another. Personal property may be divided into two groups. Tangible personal property includes movable things which have an inherent or permanent value as clothing, furniture, jewelry, machinery and the like. Intangible personal property includes things which represent value as stocks, bonds and insurance policies.

Assessment. Property subject to ad valorem taxation shall be listed on the assessment rolls at its assessed valuation, which shall be a percentage of its fair market value. Excepted from this provision is bona fide agricultural, horticultural, marsh, and timber lands which shall be assessed at 10 percent of use value rather than fair market value. The legislature is authorized to include in this category buildings of historic architectural importance. For all other properties subject to taxation the percentage of fair market value shall be uniform throughout the state upon the same class of property. (Article VII, Section 18, Paragraphs A and C)

Classification. The classifications of property subject to ad valorem taxation and the percentage of fair market value applicable to each classification for the purpose of determining assessed valuation are as follows:

CLASSIFICATIONS	PERCENTAGE (*Effective date, January 1, 1978*)
1. Land	10%
2. Improvements for residential purposes	10%
3. Other property	15%

Each assessor shall determine the fair market value of all property subject to taxation within his authorized area except public service properties, which shall be valued at fair market value by the Louisiana tax commission. Each assessor is authorized to determine the use value of property which is to be so assessed.

The correctness of assessments by the assessor shall be subject to review by: (1) the parish governing authority, (2) the Louisiana Tax Commission and (3) the courts, all in accordance with procedures established by law. All property subject to taxation shall be reappraised and valued at intervals of not more than four years. (Article VII, Section 18, Paragraphs B, D, E, F). (See note on page 57)

State property taxation; rate limitation. Presently, Louisiana does not use the property tax at the state level, however, the new constitution authorizes the state to reimpose the tax at its former rate of 5.75 mills on the dollar of assessed valuation. The legislature has authority to reenact the tax. (Article VII, Section 19)

Property tax exemptions. Some of the more common exemptions recognized by the new constitution are the following:

1. Homestead exemptions—The bona fide homestead consisting of a tract of land or two or more tracts of land with a residence on one tract and a field, pasture, or garden on the other tract or tracts, not exceeding 160 acres, buildings, and appurtenances, whether rural or urban, owned and occupied by any person, shall be exempt from state, parish and special ad valorem taxes to the extent of $3,000 of the assessed valuation. By a two-thirds (2/3) vote of the elected members of each house, the legislature may increase this homestead exemption to $5,000 of the assessed valuation. The exemption for veterans of the armed forces of the United States and persons 65 years or older shall be $5,000. The exemption does not include municipal taxes. However, the exemption shall apply in Orleans Parish, to state, general city, school, levee, and levee district taxes and to any municipal taxes levied for school purposes. (Article VII, Section 20, Paragraph A) (See note on page 57)

2. Public lands. This category includes other public property used for public purposes. (Article VII, Section 21, Paragraph A)

3. Property owned by a nonprofit corporation or association organized and operated exclusiveiy for religious, dedicated places of burial, charitable, health, welfare, fraternal, or educational purposes is declared to be exempt. (Article VII, Section 21, Paragraph B(1))

4. Property of an organization such as a lodge or club organized for charitable and fraternal purposes and practicing same is exempt. In addition, exemption applies to property of a nonprofit corporation devoted to promoting trade, travel, and commerce. Exemption also is granted to property of a trade, business, industry or professional society or association, if that property is owned by a nonprofit organization. (Article VII, Section 21, Paragraph B(3))

5. Property of a bona fide labor organization representing its members or affiliates in collective bargaining efforts. (Article VII, Section 21, Paragraph B(2))

6. Raw materials, goods, commodities, and articles imported into the state from outside the United States subject to specific conditions as remaining on the public property of the port, retained in original form in bales, sacks, barrels or other original packages and others. (Article VII, Section 21, Paragraph D)

7. New manufacturing establishments or an addition to an existing manufacturing establishment are exempted from ad valorem taxes. (Article VII, Section 21, Paragraph F)

Other State Taxes

Other state taxes levied in Louisiana include the following: Occupational licenses, inheritance, transportation and communication utilities, gift, motor carrier fees, and others. Approximately 40 taxes are levied in the state.

NOTE: Guidelines concerning the administration of the property tax, including assessment practices and increasing homestead exemptions to $5,000, were the subject of several bills in the 1976 session. Since the Acts for 1976 have not been finalized as of August 1, 1976, it is suggested that an update concerning the property tax be sought from the final publication of the 1976 Acts of the Louisiana Legislature.

CHAPTER 5

REVENUE SHARING

Introduction

Revenue sharing originated as a result of a court decision which declared the Property Tax Relief Fund as an unconstitutional means of subsidizing the homestead exemption program. Consequently, the proceeds of the state personal income tax, public utilities tax, and the ABC tax were diverted from the Property Tax Relief Fund to the state General Fund by an amendment. In order to continue the payment of tax benefits provided by the homestead exemption program, Louisiana turned to a revenue sharing program.

Revenue Sharing Fund—Constitutional Provisions

The new constitution of the state creates a Revenue Sharing Fund as a special fund in the state treasury. The sum of ninety million dollars is allocated annually from the state General Fund to the Revenue Sharing Fund. However, the Legislature is authorized to appropriate additional sums to the fund. (Article VII, Section 26, Paragraphs A and B)

The Revenue Sharing Fund shall be distributed annually as provided by law solely on the basis of population and number of homesteads in each parish in proportion to population and the number of homesteads throughout the state. Unless otherwise provided by law, population statistics of the last federal decennial census shall be utilized for this purpose. After deductions as authorized by law, the remaining funds, to the extent available, shall be distributed by first priority to the tax recipient bodies within the parish, to offset current losses because of homestead exemptions. Any balance remaining in a parish distribution shall be allocated to the municipalities and tax recipient bodies within each parish as provided by law. (Article VII, Section 26, Paragraph C)

The funds made available to each parish shall be distributed in Orleans Parish by the city treasurer of New Orleans and in all other parishes by the parish tax collector. The funds allocated to the Monroe City School Board or its successor shall be distributed to and by the city treasurer of Monroe. (Article VII, Section 26, Paragraph D)

A political subdivision, as defined by Article VI of the Constitution, may incur debt by issuing negotiable bonds and may pledge for the payment of all or part of the principal and interest of such bonds the proceeds derived or to be derived from that portion of the funds received by it from

the Revenue Sharing Fund, to offset current losses caused by homestead exemptions. Unless otherwise provided by law, no money allocated within any parish from the balance remaining in its distribution may be pledged to the payment of the principal or interest of any bonds. Bonds issued under this authorization shall be issued and sold as provided by law, and shall require approval by the State Bond Commission prior to issuance and sale. (Article VII, Section 26, Paragraph E)

Act 719 of the 1975 Regular Session

The constitutional provisions concerned with revenue sharing were implemented by Act 719 of the 1975 Regular Session of the Louisiana Legislature. Due to the significance of the provisions of the Act, pertinent sections are presented as follows:

Definitions. For the purposes of the revenue sharing program, the following definitions were pertinent:

(a) "tax recipient bodies" shall mean the city of New Orleans, parish governing authorities, school boards, special taxing districts, and other bodies which were eligible for reimbursement or payment from the Property Tax Relief Fund prior to its abolition and repeal by Act No. 10 of the 1972 Extraordinary Session. In East Baton Rouge and Terrebonne Parishes, tax recipient bodies shall include all public bodies authorized to levy taxes as of July 1, 1975, whose taxes were subject to homestead exemption.

(b) "population" shall mean that enumeration of persons within the state, its parishes and incorporated municipalities determined by the Division of Business and Economic Research of Louisiana Tech University under the most recent federal-state cooperative program for local population estimates. Such determination shall be submitted to the state treasurer annually not later than January fifteenth of each calendar year. Any tax recipient body or incorporated municipality which is aggrieved by such determination may file a petition for administrative review with the state treasurer not later than March fifteenth of each calendar year hereafter. The estimates so submitted shall have no effect on the distribution for the fiscal year in which they are made but shall be utilized for purposes of this Act and for distribution during the ensuing fiscal year. The treasurer shall have authority to affirm, modify, or set aside in whole or in part, the determination of the Division of Business and Economic Research of Louisiana Tech University.

(c) "homesteads" shall mean that enumeration of homestead exemption claims filed with the assessors as determined by the Louisiana Tax

Commission as of November fifteenth of the current calendar year.

(d) "public school population" shall mean the enumeration of enrollments used by the State Board of Elementary and Secondary Education in distributing the minimum foundation program funds for each new school year commencing in the year in which the first distribution is made under the provisions of Section 9 of this Act.

(e) "city of New Orleans," unless otherwise indicated herein, shall include the parish of Orleans. (Section 1 of Act 719 of 1975)

Amount of Revenue Sharing Fund. The Revenue Sharing Fund for the fiscal year 1975–76 shall consist of the sum of ninety million dollars ($90,000,000). (Section 2 of Act of 719 of 1975)

Distribution of Revenue Sharing Fund. The distribution of all revenue sharing funds shall be in the terms of the following priorities:

First, eleven and nine-tenths percent of all revenue sharing funds distributed by the provisions of this Act, excluding such funds as are distributed directly to the city of New Orleans and to the city treasurer of the city of Monroe, shall form a special fund to be distributed as commissions to the tax collectors of the respective parishes, the city of New Orleans excepted. Each such tax collector shall receive a percentage of such fund, based on commissions received by him pursuant to Act 153 of 1973. (Section 6 of Act 719 of 1975)

Second, two and forty-four hundredths percent of all revenue sharing funds distributed by the provisions of this Act, excluding such funds as are distributed directly to the city of New Orleans and to the city treasurer of the city of Monroe, shall form a special fund to be distributed to the various retirement systems which were eligible for payment pursuant to Act 153 of 1973. The tax collector in each parish, the city of New Orleans excepted, shall receive the percentage of such fund, based on distributions to retirement systems pursuant to Act 153 of 1973, as provided in Section 8 of this Act for distribution to such retirement systems, and shall make due payment thereof to each retirement system in the same proportion that the statutory deduction provided by law for the system bears to the total statutory deductions provided by law for all such retirement systems. (Section 7A of Act 719 of 1975)

The city of New Orleans shall make deductions as were legally established for retirement systems in 1973 and shall make due payment thereof in the amount that such retirement systems would have received in the current calendar year had not the state five and three-fourths mill ad

valorem tax been repealed and had not such deductions been increased since that year. (Section 7B of Act 719 of 1975)

Third, the amount to be distributed annually to each parish from the revenue sharing fund shall be the sum of (a) an amount equal to that percentage of eighty percent of the total fund which is equal to the ratio which the population of the parish bears to the total state population, and (b) an amount equal to that percentage of twenty percent of the total fund which is equal to the ratio which the number of homesteads in the parish bears to the total number of homesteads in the state.

The term "homesteads" shall mean that enumeration of homestead exemption claims filed with the assessors as determined by the Louisiana Tax Commission as of November fifteenth of the previous calendar year. (Section 3 of Act 719 of 1975)

Allocation of revenue sharing funds by the state treasurer and parish tax collector. Except as provided by law, the state treasurer shall distribute the funds allocated to the tax collectors of the respective parishes and to the city of New Orleans. (Section 4 of Act 719 of 1975)

That portion of the fund for the parish of Ouachita allocated to the Monroe City School Board shall be an amount which will reimburse said Board for the taxes lost as a result of homestead exemptions based on the tax rolls for the current calendar year and shall be distributed directly to the city treasurer of the city of Monroe. (Section 5 of Act 719 of 1975)

The tax collector of each parish and the city of New Orleans shall allocate and distribute, within ten days after receipt, to the tax recipient bodies within his jurisdiction an amount not less than the amount which would have been required to reimburse tax recipient bodies for taxes lost as a result of homestead exemptions of the current year. (Section 9A of Act 719 of 1975)

Distribution of funds if allocation to tax collector is less than the amount required to reimburse tax recipient bodies for losses. If the amount distributed to the tax collector and the city of New Orleans is less than the amount required to reimburse tax losses on the basis of the tax rolls of the current calendar year, the tax collector and the city of New Orleans shall prorate such lesser amount among the various tax recipient bodies within the parish so that the lesser amount received by each tax recipient body shall be proportionate to the reduction in the total amount distributed to each parish, and the amount distributed by the state treasurer to the city treasurer of the city of Monroe shall be based upon similar prorating, if necessary. (Section 9B of Act 719 of 1975)

Distribution of funds if allocation to tax collectors is in excess of the amount required to reimburse tax recipient bodies. In the event the distribution to the tax collector in each parish and to the city of New Orleans is more than the amount necessary to satisfy the commissions of the tax collector, the retirement systems, and eligible tax recipient bodies, then the city of New Orleans and the tax collector in each parish, within ten days after receipt shall distribute such remaining excess amount as follows:

A. The portion of the excess equal to the ratio that the parish public school population bears to the total population of the parish shall be allocated and distributed to the respective city and parish school boards in the parish proportionate to the public school population of each.

B. The next portion of the excess remaining after allocation and distribution to the school boards, equal to the ratio that the total population of all incorporated areas in the parish bears to the total parish population, shall be allocated and distributed to the respective incorporated municipalities of the parish proportionate to the respective population of each.

C. The remaining portion of such excess, if any, after allocation and distribution to the school boards and incorporated areas of a parish, shall be allocated and distributed to the parish governing authority. (Section 10, Paragraphs A, B, and C, of Act 719 of 1975)

It should be noted that over forty parishes have alternate plans for distributing excess revenues among eligible tax recipient bodies. Some of these methods include the following:

1. Two parishes—100 percent to the parish governing authority.

2. Three parishes—75 percent to the parish governing authority and 25 percent to the parish school board.

3. One parish—60 percent to the parish governing authority, 25 percent to the parish school board and 15 percent to the incorporated municipalities in the parish.

4. Eleven parishes—50 percent to the parish governing authority, 25 percent to the parish school board, and 25 percent to the incorporated municipalities in the parish.

5. Two parishes—44 percent to the parish governing authority, 23 percent to the parish school board, and 23 percent to the incorporated municipalities in the parish.

6. Two parishes—40 percent to the parish governing authority, 30

percent to the parish school board, and 30 percent to the incorporated municipalities in the parish.

7. Two parishes—35 percent to the parish governing authority, 35 percent to the parish school board, and 30 percent to the incorporated municipalities in the parish.

8. Seventeen parishes—33⅓ percent to the parish governing authority, 33⅓ percent to the parish school board, and 33⅓ percent to the incorporated municipalities in the parish. (Section 10, Paragraph D, of Act 719 of 1975)

A Significant Court Decision

On May 24, 1976, the First Circuit Court of Appeal in Louisiana upheld the constitutionality of the 1975 act which provided for the allocation and distribution of the Revenue Sharing Fund provided by the new state constitution.

In so ruling, the appeal court upheld a decision by District Judge Steve A. Alford, Jr. who acted in a suit filed against the state by J. Clem Drewett and other Calcasieu Parish taxpayers.

The Calcasieu taxpayers had argued that the formula for revenue distribution deprived them of equal protection of the laws inasmuch as the majority of parishes in the state are reimbursed for all losses attributable to homestead exemption. Evidence indicated that Calcasieu had been reimbursed for approximately 87 percent of its losses.

However, the appeal court, in a decision written by Judge Lenton Sartain, stated:

> The paramount factor is the implementation of a formula for distribution based on relevant variables not subject to the whim of local political practices. The state has a definite interest in providing funds to the various parishes to support local government programs and it has enacted a formula not subject to self-serving manipulation through which those funds may be distributed.

The court likewise rejected other attacks made on the revenue sharing plan by the Calcasieu residents. This group had complained that the parish lost more through the granting of homestead exemptions than it regained through the revenue sharing process.

The court noted:

> The value of exempt property depends on local assessment practices candidly described (in a federal court case) as "assessment-by-any-basis-you-choose." Thus, the actual losses claimed by a parish are subject to manipulation by the use of high millage rates coupled with artificially low assessments within the parish. Therefore, the extent of reimbursement of homestead exemptions is irrelevant as long as there exists no uniform system of assessment. (*State-Times*, May 24, 1976)

CHAPTER 6

LOCAL SCHOOL REVENUE

Control of local school financing rests largely with parish and city school boards in Louisiana. However, local school boards may levy only taxes specifically permitted by the Constitution or authorized by Acts of the State Legislature. Generally, the local property tax remains the principal source of revenue for schools at the local level. In Louisiana, the parish is the geographical governmental unit for schools, except for the city school systems of Bogalusa and Monroe. Thus, in Louisiana there are sixty-six local school systems.

Local school sources of revenues fall into two distinct categories in terms of purpose of levy. The receipts derived from some authorizations may be used to subsidize the day-by-day operation of schools whereas other receipts may be used to support capital outlay programs. The following description of local sources of revenue reports the manner in which certain ad valorem taxes may be used. Likewise, the use of the local sales tax is presented.

Ad Valorem Taxes

For Operating, Maintaining and Supporting Public Elementary and Secondary Schools.

In terms of provisions of the State Constitution and Acts of the Legislature, the following ad valorem taxes are authorized to local school systems for the support of public elementary and secondary schools.

First: Constitutional tax. Each parish school board, Orleans Parish excepted, and each municipality or city school board actually operating, maintaining, or supporting a separate system of public schools, *shall levy annually an ad valorem maintenance tax* not to exceed five mills on the dollar of assessed valuation on property subject to taxation within the parish or city (Article VIII, Section 13 (C), First)

Second: Constitutional tax applicable for Orleans Parish. The Orleans Parish School Board *shall levy annually a tax not to exceed thirteen mills* on the dollar of the assessed valuation of property within the city of New Orleans assessed for city taxation, and shall certify the amount of the tax to the governing authority of the city. The governing authority shall have the tax entered on city tax rolls. The tax shall be collected in the manner, under the conditions, and with the interest and penalties prescribed by law for city taxes. The money thus collected shall

be paid daily to the Orleans Parish School Board (Article VIII, Section 13(C), Second)

Third: Ad valorem tax for additional support to public elementary and secondary schools. For giving additional support to public elementary and secondary schools, any parish, school district, or sub-school district, or any municipality or city school board which supports a separate city system of public schools *may levy an ad valorem tax* for a specific purpose, when authorized by a majority of the electors voting in the parish, municipality, district, or subdistrict in an election held for that purpose. The amount, duration, and purpose of the tax shall be in accord with any limitation imposed by the Legislature. (Article VIII, Section 13(C), Third)

This Constitutional authority is without limit as to amount, duration and purpose, however, it does provide the Legislature with authority to impose limitations. In Act 28 of the First Extraordinary Session of 1975, the Legislature did apply certain limitations.

Specifically Act 28 of the First Extraordinary Session of 1975 provides:

> The amount, millage rate, duration and purpose of any tax authorized under this Part shall be in accord with the proposition voted on and approved by the electors in the special election which authorized the levy and collection of the special tax, provided that the gross millage rate of all taxes authorized under this Part shall not exceed twenty mills in the aggregate at any one time in addition to the annual five mill ad valorem maintenance tax authorized by Article VIII, Section 13(C) (First) of the Constitution of 1974 and the annual thirteen mill ad valorem maintenance tax authorized for the Orleans Parish School Board by Article VIII, Section 13(C) (Second). The duration of any such tax shall not exceed ten years. (Act 28 of the First Extraordinary Session of 1975)

For Capital Improvements for Public Elementary and Secondary Schools

In terms of provisions of the State Constitution and Acts of the Legislature, the following ad valorem taxes are authorized to local school systems for capital improvements for public elementary and secondary schools.

Special tax for constructing or improving schoolhouses and other school facilities. For the purpose of acquiring, constructing, improving, maintaining or operating any work of public improvement, a political subdivision may levy special taxes when authorized by a majority of the electors in the political subdivision who vote in an election held for that purpose. (Article VI, Section 32)

There are no Constitutional limits on this authority and no provisions for the imposition of statutory limits. (Louisiana School Boards Association, *Authorities and Limitations in Local School Finance*)

However, Act 553 of the Regular Session of 1975 did amend and reenact Section 98 of Title 17 of the Louisiana Revised Statutes of 1950, relative to the funding into certificates of indebtedness of the avails of the special taxes authorized pursuant to the authority of Article VI, Section 32 of the Constitution of 1974 or Article X, Section 10, of the Constitution of 1921.

Specifically, Act 553 provides:

> Whenever the qualified electors of any parish of a school district, acting under authority of Article VI, Section 32 of the Louisiana Constitution of 1974, or Article X, Section 10, of the Louisiana Constitution of 1921, vote a special tax to run for a period not to exceed ten years for the purpose of constructing or improving schoolhouses and other school facilities, the school board of such parish or school district may borrow the amount of the anticipated tax for a period not to exceed ten years and issue certificates of indebtedness bearing interest at a rate not exceeding eight percent, and dedicating the avails of the tax funded for the period of time the tax is to run. (Act 553 of the Regular Session of 1975)

Definitions. The term political subdivision means a parish, municipality, and any other unit of local government, including a school board and a special district authorized by law to perform governmental functions. (Article VI, Section 44(2))

Significant Opinion of the Attorney General of Louisiana

In connection with the provisions of Article VI, Section 32 and Article VIII, Section 13(C) of the Louisiana Constitution two important questions were raised by the Louisiana School Boards Association. James D. Prescott, Executive Secretary of the Association, on January 9, 1976 addressed two significant questions to the office of the Attorney General of Louisiana. These were:

> 1) Article VI, Section 32 of the 1974 Louisiana Constitution authorizes a political subdivision to levy with voter approval special taxes without limit for "the purpose of acquiring, constructing, improving, maintaining, or operating any work of public improvement." This same article defines political subdivisions so as to include school boards.
>
> Article VIII, Section 13(C) of our new Constitution provides that "any parish, school district, or sub-school district, or any municipality or city school board which supports a separate city system of public schools may levy an ad valorem tax for a specific purpose, when authorized by a majority of the electors voting in the parish, municipality, district, or subdistrict in an election held for that purpose. The amount, duration,

and purpose of the tax shall be in accord with any limitation imposed by the legislature."

Does Article VIII, Section 13(C) of the 1974 Constitution negate or limit the authority granted to school boards as political subdivisions in Article VI, Section 32?

2) Act 28 of the First Extraordinary Session of 1975 authorizes "any parish, school district, sub-school district or municipality or city school board" to levy, with elector approval, as much as 20 mills for additional support of public schools.

Can a school system vote the authorized 20 mills on a parishwide basis and, in addition, vote up to 20 mills in a district which is less than parish wide?

(Louisiana School Boards Association, January 9, 1976)

On February 26, 1976, an opinion was rendered by Fred L. Chevalier, Assistant Attorney General, which supplied answers to the questions raised. Due to the significance of the opinion, a complete text of the response follows:

OPINION NUMBER 76–51

Reference is made to your letter of January 9, 1976 in which you ask an opinion of this office as to whether Article VIII, Section 13(C) of the 1974 Constitution negates or limits the authority granted to school boards as political subdivisions in Article VI, Section 32 of that same document.

Article VI, Section 32 reads as follows:

"Section 32. For the purpose of acquiring, constructing, improving, maintaining or operating any work of public improvement, a political subdivision may levy special taxes when authorized by a majority of the electors in the political subdivision who vote thereon in an election held for that purpose."

Article VIII, Section 13(C) reads in pertinent part as follows:

"(C) Local Funds. Local funds for the support of elementary and secondary schools shall be derived from the following sources:

* * *

Third: For giving the additional support to public elementary and secondary schools, any parish, school district, or subschool district, or any municipality or city school board which supports a separate city system of public schools may levy an ad valorem tax for a specific purpose, when authorized by a majority of the electors voting in the parish, municipality, district or subdistrict in an election held for that purpose. *The amount, duration, and purpose of the tax shall be in accord with any limitation imposed by the legislature.*" (Emphasis supplied)

Act No. 28 of the 1975 Extraordinary Session of the Louisiana Legislature adds a new Part to Chapter 4 of Title 39 of the Louisiana Revised Statutes of 1950 to deal with Article VIII, Section 13(C) financing. That Act reads in pertinent part as follows:

"Section 812. Limitations

The amount, millage rate, duration and purpose of any tax authorized under this Part shall be in accord with the proposition voted on and approved by the electors in the special election which authorized the levy and collection of the special tax, provided that the gross millage rate of all taxes authorized under this Part shall not exceed twenty mills in the aggregate at any one time in addition to the annual five mill ad valorem maintenance tax authorized by Article VIII, Section 13(C) (First) of the Constitution of 1974 and the annual thirteen mill ad valorem maintenance tax authorized for the Orleans Parish School Board by Article VIII, Section 13(C) (Second) and the duration of any such tax shall not exceed ten years."

It can be seen that the Legislature has set twenty mills as the maximum that can be levied under the authority found in Article VIII, Section 13(C) (Third) quoted above. This twenty mills is, of course, in addition to the tax authorized to be levied without a vote of the electorate. The duration of any tax levied within the twenty mill limit is ten years.

It is the opinion of this office that Article VI, Section 32 quoted above refers to the construction of capital improvements and the maintenance and operation of those capital improvements. The Article VI provision does not contemplate the levy of special taxes for such things as personnel salaries, office supplies or any other item not directly attributable to the construction or maintenance of a physical plant. The authority for a political subdivision to levy special taxes for construction of capital improvements and maintenance thereof found in Article VI, Section 32 clearly applies to school boards by virtue of Article VI, Section 44(2) which defines a "political subdivision" to include a school board.

The import of Article VIII, Section 13(C) (Third) is to allow up to an additional twenty mills over and above the guaranteed five mill authorization (thirteen mills in Orleans Parish) for "support to public elementary and secondary schools", which would cover personnel salaries, office supplies or any other item not necessarily connected with the construction or maintenance of a physical plant. However, the Article VIII provisions could also be used for capital improvement or maintenance of capital improvement purposes if so desired since it is broader in scope using the term "support to public elementary and secondary schools".

Article VI, Section 32 may only be used for capital improvement purposes and maintenance and operation of capital improvements by school boards and is subject to control by the electorate. There are no pre-determined limits applicable to that provision. Article VIII, Section

13(C) may be used also as outlined above. Neither provision negates or limits the other.

In support of the conclusion reached in this opinion regarding the application of the Article VI, and Article VIII provisions, I would refer you to the Constitutional Convention of 1973 Transcripts, Volume 29 *Verbatim Transcripts*, November 17 at page 7 where is found the following exchange:

"MR. LANIER

Well, what I'm getting to, Senator, doesn't this put this section in direct conflict with Section 34 of the Local Government Article dealing with sales taxes?

MR. RAYBURN

I wouldn't think so.

MR. LANIER

Well, doesn't that one say that the school boards and other units of government get up to 3% on the sales tax and this says that the legislature can impose whatever limitations it wants, doesn't it?

MR. RAYBURN

Well, yes, sir. It says that, but I don't see where it would put it into conflict with the Local Government provisions because it plainly states there what they can do—just what taxes they can levy."

You have also requested an opinion of this office as to whether a school system may vote the authorized twenty mills under the Article VIII provisions on a parish-wide basis and, in addition, vote up to twenty mills in a district which is less than parish-wide.

It is the opinion of this office that the twenty mill limit set by the legislature is a protection given to landowners and applies to the land regardless of what political subdivisions may exercise jurisdiction over any particular parcel of land. Since this is the case, it is the opinion of this office that there can never be more than twenty mills in the aggregate imposed on any particular parcel of land for Article VIII, Section 13(C) Third purposes regardless of how many different school districts or subdistricts it is subject to.

Bonded indebtedness through a Bond and Interest Tax. The legal authority of local school districts for incurring bonded indebtednesses is contained in Section 554 of Title 39 of the Louisiana Revised Statutes of 1950.

Specifically, Section 554 states:

The governing authorities of school districts, may incur debt and issue bonds of the districts for the following purposes, and none other:

1. Acquiring lands for building sites and playgrounds;

2. Purchasing, erecting, and improving school buildings and teachers' homes;

3. Acquiring the necessary equipment and furnishings.

The title to all the lands, buildings and improvements shall be in the public. (R.S. 39:554)

Limit of indebtedness. The governing authority of parish-wide school districts and of special school districts, including the city school boards of the districts of Bogalusa and Monroe, which are treated as special school districts, may incur debt and issue bonds for the purposes set forth in R.S. 39:554. The limit of such debt including the existing bonded debt shall not exceed 25 percent of the assessed valuation of the taxable property of the sub-division. For the purpose of calculating debt limitation, taxable property shall include the following:

1. Homestead exempt property shall be included on the assessment roll.

2. Nonexempt property to be ascertained by the last assessment for the parish or local purposes previous to delivery of the bonds representing such debt, regardless of the date of the election at which the bonds were voted. (Act 20 of the First Extraordinary Session of 1975)

Act 20 of the First Extraordinary Session of 1975 also made recognition of the method of calculating debt limit by making it applicable to any general obligation bonds approved at an election held prior to the effective date of the Act, but which bonds remain unused as of that date. Such bonds may be issued within the debt limit calculated as provided although such bonds were subject to a different method of calculation of the debt limit at the time of the election. (Act 20 of the First Extraordinary Session of 1975)

Interest rate. The limitation on interest rates of bonds sold by local school boards is 8 percent. (Act 19 of the First Extraordinary Session of 1975)

Procedure School Boards Are To Use in Bond and Tax Elections

By Act 18 of the Extraordinary Session of 1975, the Legislature specified the procedure which school boards are to use in bond and tax elections. One caution should be noted regarding bond and tax elections. The new Louisiana Constitution in Article XI, Section 4, prohibits the use of public funds to urge any elector to vote for or against any proposition. However, school boards may use public funds for the dissemination of factual information relative to a proposition appearing on an election ballot. (Louisiana School Boards Association)

TABLE 4

Maximum Mills Authorized Parish, Consolidated, and Municipal School Boards In Louisiana For Operating, Maintaining and Supporting A System of Public Schools, 1975

Type of Local School District	Number of School Districts	Mills Authorized Article VIII, Section 13, Paragraph C (First) Constitutional tax[5]	(Second) Constitutional tax[5]	(Third) For Additional Support[6]	Total[7]
1. Parish[1]	61	5	0	20	25
2. Consolidated[2]	2	5	0	20	25
3. Municipal[3]	2	5	0	20	25
4. Orleans[4]	1	0	13	20	33

[1] Parish geographic boundaries.
[2] Ouachita and Washington Parishes exclusive of the City Districts of Monroe and Bogalusa.
[3] Monroe and Bogalusa City Districts.
[4] Orleans Parish geographic boundaries.
[5] Parish-wide basis only.
[6] No more than 20 mills in the aggregate imposed on any particular parcel of land for Article VIII, Section 13(C) third purposes regardless of how many different school districts or subdistricts it is subject to. Also see Table 5.
[7] Provided all 20 mills in Article VIII, Section 13, Paragraph C, (Third) are used for operating, maintaining and supporting a system of public schools. See Table 5.

A summary of the Act is presented in order that all school officials may follow the procedures outlined in an accurate manner, thus reducing the possibility of an election being contested. Specifically, Act 18 provides:

Procedure School Boards Are Required to
Follow In Bond and Tax Elections
Act 18 of 1975

1. Act 18 establishes a uniform procedure for:
   a. The conduct of elections to authorize the issuance of bonds
   b. The assumption of indebtedness
   c. The imposition or increase of taxes by political subdivisions
2. The term political subdivision includes local school boards.
3. Voter approval is required.
4. Adoption of a resolution by the local board calling for the election

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TABLE 5

Maximum Mills Authorized Parish, Consolidated, and Municipal School Boards in Louisiana for Capital Improvement Purposes and Maintenance and Operation of Capital Improvements, 1975

Type of School District	Number of School Districts	Mills Authorized		
		Capital improvement purposes and maintenance and operation of capital improvements[4]		Bonded Indebtedness LRS 39:554 Act 20 of 1975 E.S.
		Article VI, Section 32	Article VIII, Section 13(C)[5] (Third) (For additional support)	
1. Parish[1]	62	No predetermined limits	20 (Cannot exceed 20 mills when combined with use in Table 4)	Existing bonded debt shall not exceed 25 percent of the assessed value of taxable property
2. Consolidated[2] and City[3]	4	No predetermined limits	20 (Cannot exceed 20 mills when combined with use in Table 4)	Existing bonded debt shall not exceed 25 percent of the assessed value of taxable property.

[1] Parish geographic boundaries.
[2] Ouachita and Washington Parishes exclusive of the City Districts of Monroe and Bogalusa.
[3] Monroe and Bogalusa City Districts.
[4] Terminology used in Opinion of the Attorney General on February 26, 1976.
[5] No more than 20 mills in the aggregate imposed on any particular parcel of land for Article VIII, Section 13(C) third purposes regardless of how many different school districts or subdistricts it is subject to. This provision can also be used for operating, maintaining and supporting a system of public schools, however, the total millage cannot exceed 20.

—to consider issuance of bonds, assumption of indebtedness, and increase of taxes.

5. If purpose is to authorize the issuance of bonds—proposition shall state the purpose for which the bonds are to be issued, maximum amount of the bonds, number of years, and maximum rate of interest.

6. If purpose is to authorize the levy of a special tax, the resolution and the proposition submitted to the voters shall state the rate, object, and purpose for which the tax is to be levied and, if it is to be limited as to duration, the number of years it is to run.

7. If purpose is to authorize the assumption of indebtedness, the resolution and the proposition submitted to the voters shall state the amount and nature of the debt to be assumed.

8. Notice of the election shall be given, substantially embracing all matters stipulated in the resolution of the board. The notice shall also include a statement that the board will in an open session at the hour and place named proceed to canvass the returns and declare the result of the election. The notice shall be published once a week for four consecutive weeks in a newspaper of general circulation in the political subdivision or in a newspaper of general circulation in the parish; or if there is no such newspaper, then in a newspaper in an adjoining parish. Not less than 30 days nor more than 90 days shall intervene between the date of the first publication and the date of the election.

9. The school board shall designate the polling places, provide the voting machines and compiled statement of qualified voters and fix the compensation of election officers. Each polling place shall have three commissioners and one clerk of election all of whom shall be qualified voters. To reduce expenses the school board may combine two or more regular voting precincts into a single polling place providing that appropriate notice is provided.

10. If any commissioner or clerk is unable to attend, or if he fails or neglects to attend or serve at the polling place designated at the hour fixed or within one hour, the commissioners present shall appoint or in the absence of all commissioners the voters present shall elect the necessary number of commissioners and clerks who shall have the same powers, compensation and duties as other commissioners and clerks and shall serve in the place of absent or delinquent appointees.

11. Commissioners and clerks of elections shall take an oath to perform all duties incumbent upon them. The commissioners of elections may administer any oath.

12. All qualified electors are eligible to vote and the proposition presented must be approved by a majority of the voters voting on the proposition. No voter shall be required to sign a ballot or vote assessed valuation of property. The registrar of voters shall furnish precinct registers to the commissioners.

13. Voting machines shall be used.

14. The general election laws of Louisiana shall govern the conduct of the voting.

15. On the date and place named in the notice of election, the school board shall in public session examine and canvass the returns and declare the results of the election. The result shall be promulgated by one publication in a newspaper circulated in the parish, or if none, in an adjoining parish.

16. Copies of the canvas conducted by the board must be forwarded to the following:

a. Secretary of State, who shall record it
b. Clerk of the district court, who shall record it in the mortgage records
c. Archives of the school board

17. For sixty days after promulgation of the results of an election, any interested person may contest the legality of the election. If the validity of the election is not contested during this time, the election shall be conclusively presumed to be valid, and no court shall have authority to inquire into such matters.

18. Whenever a parish school board has held an election for the purpose of issuing bonds and a specific interest rate has been established, the board may call another election for the purpose of approving a higher interest rate provided such rate does not exceed that approved as a maximum by the State. The sole purpose of such elections is to approve the higher interest rate.

Sales Tax

Constitutional and Legislative Provisions

Authorization. School boards are authorized to levy and collect a tax upon the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption, of tangible personal property and on sales of services defined by law. Approval of a majority of the qualified electors voting in an election held for that purpose is required. The rate, when combined with the rate of all other sales and use taxes, exclusive of such state levy, shall not exceed 3 percent. (Article VI, Section 29, A)

Additional sales tax authorized. The legislature, by general or by local or special law, may authorize the imposition of additional sales and use taxes by local governmental subdivisions or school boards. The proposition must be approved by a majority of the electors voting in an election held for that purpose.

Bonds; Security. Any sales or use tax authorized or imposed on the effective date of the constitution (January 1, 1975) shall not be affected nor shall the security of any bonds payable from the proceeds of a sales tax be impaired.

Legislative Provisions, Act 29 of the 1964 Extraordinary Session

The 1964 Extraordinary Session of the Legislature, by Act 29, authorized parish and city school boards to levy and collect a sales tax not in excess of one percent. The local school board must approve the measure by resolution, and approval by a majority of the electors voting in an election held for that purpose in the parish is required. Revenues derived from this one percent levy must be used to supplement other funds available for payment of salaries of teachers and/or for operation of schools, but must not be used for capital outlay.

Specifically, Parts A and D of Section 2737 of Title 33 of the Louisiana Revised Statutes provides:

> . . . . Any parish or city school board in the State is hereby authorized to levy and collect a sales tax not in excess of one percent . . .
>
> The proceeds of the tax authorized shall be used exclusively to supplement other revenues available to the school board for the payment of salaries of teachers in the elementary and secondary schools of the parish or city and/or for the expenses of operating schools. None of the proceeds of this tax shall be used for capital improvements. (Act 29 of the 1964 Extraordinary Session)

Specific Legislation for Certain School Districts

In the event a local school district does not choose to use the provisions of Act 29 of the 1964 Extraordinary Session, or if the three cent limitation has not been exceeded and a local board wishes to levy one additional sales tax, the board may secure a specific legislative authorization. Such action entails the passage of a bill which authorizes a school board to utilize the sales tax subject to certain conditions. Several school boards have utilized this approach. An example of such legislation is indicated in Act 14 of 1974 Regular Session which authorized the West Feliciana Parish School Board to levy and collect an additional sales and use tax not to exceed one percent.

Specifically, Act 14 provided:

> . . . to authorize the West Feliciana Parish School Board to levy and collect an additional sales and use tax not to exceed one percent within the parish of West Feliciana for the purpose of providing additional funds for maintaining and operating the public schools of the parish and/or paying the cost of capital improvements, including the payment of principal and interest on bonds; to authorize the funding of the avails of said additional tax into bonds. . . . (Act 14 of the 1974 Regular Session)

Act 21 of First Extraordinary Session of 1975

By adopting Act 21 of the First Extraordinary Session of 1975, the legislature authorized school boards to fund into bonds proceeds of any sales tax, if such bonding has been approved by a majority of the electors voting in an election on the proposition of funding sales tax revenues into bonds.

Bonds cannot be issued for longer than 25 years and the principal and interest due in any year cannot exceed 75 percent of the amount of sales tax revenue estimated by the school board to be received by it in the calendar year in which bonds are issued.

Other Sources of Local Support Available to Parish and City School Boards

Special Appropriations or Transfers From Police Jury

Police juries throughout the State may make special appropriations or grants to the school board for the benefit of schools in their respective parishes. (Annual Financial and Statistical Report of the State Department of Education)

Tuition

In order to subsidize the cost of providing an education for children from an adjoining parish school system, for whom it is difficult or unfeasible to provide adequate schools locally, State law provides that an adjacent parish may provide educational opportunities for these children. Whenever this procedure is utilized by school boards, the cost of educating the children must be borne by the parish in which the children are residents. These subsidizations are referred to as "tuition payments." In estimating the per capita cost of instruction, the parish operating the school must not include items of general control arising out of operation of transfers or other auxiliary agencies, items of fixed charges, capital outlay or debt service; but the parish may include salaries of teachers, teaching supplies, salaries of janitors, janitor supplies, repairs, and renewals. (LRS 17:155)

Three of the more frequently raised questions concerning LRS

17:155 have been answered in an opinion of the Attorney General of Louisiana dated October 29, 1963. Due to the significance of the response made by Carroll Buck of the Attorney General's staff, the complete text of the opinion is presented as follows:

> As we understand the facts presented, the sixth ward of St. Martin Parish is adjacent to the sixth ward of St. Mary Parish. The parish of St. Martin has no school facilities in the sixth ward. At present, certain pupils from the sixth ward of St. Martin Parish are attending schools in St. Mary Parish, and others are attending schools in the Parish of Ascension, which lies to the north of this portion of St. Martin Parish. The School Board of St. Martin Parish is now paying the per capita cost of instruction to the two parishes under the provisions of R.S. 17:155, which excludes from such cost, items of general control, items arising out of operation of transfers or other auxiliary agencies, fixed charges, capital outlay and debt service. (R.S. 17:155 prohibits as per capita costs, the above referred to excluded costs, but allows costs of salaries of teachers, teaching supplies, salaries of janitors, janitor's supplies, repairs and renewals.)
>
> Your questions summarized for our consideration are:
>
> (1). Inasmuch as St. Martin has no school facilities in the area involved, is it mandatory that the school board of St. Mary Parish allow the students from this area to attend schools in St. Mary Parish, upon paying its per capita costs as above mentioned?
>
> (2). Can a school district be formed out of portions of these two parishes involved (St. Martin and St. Mary), and for this district to incur debt and issue bonds for the purpose of constructing a new school building in this portion of the district in St. Mary Parish, and what effect the new bonded indebtedness would have on an existing bonded indebtedness in the St. Martin parish area?
>
> (3). Can the School Board of St. Martin Parish make contributions for capital outlay for the new school above referred to?
>
> R.S. 17:155, in part, provides that children for whom adequate schools of suitable grades have not been provided in their home parish may attend schools in an adjoining parish. In such cases, permits shall be secured from the parish superintendent of the children's home parish, and after they have been approved by the parish superintendent of the parish to which the schools that the children desire to attend are located, the principals of the schools which the children desire to attend are required to admit them. The superintendent of the children's home parish shall settle monthly on the basis of the per capita costs, referred to hereinabove.
>
> We are not certain of legislative intent in R.S. 17:155, where the words adequate schools *in their home parish* are used. Does this mean anywhere in the parish, or some substantial area of the parish, taking into account school bus transportation and the like? We have not located any specific court decision in point; however, we are inclined to the view

that because of certain expressions of the court in State ex rel Fourroux v. Board of Directors et al, 3 La. App. 2, decided by the Orleans Parish Court of Appeal, and an opinion of this office reported in the 1946–48 Opinions of the Attorney General, at page 854, it is the prerogative of the Superintendent of Schools of St. Martin Parish to decide whether adequate schools of suitable grade in this particular part of the parish are provided for, and, if he decides that such schools do not exist in this ward and issues the necessary permit, upon approval of the St. Mary Parish Superintendent of Schools, the School Board of St. Mary Parish does not have the authority to refuse admission to the schools of the adjacent ward, but of course, reimbursement on per capita cost must be made. Under the above authority, it may well be that a court would hold that failure to issue a permit, or failure of a superintendent to approve or accept one which is issued could, under the circumstances stated, be construed as illegal or arbitrary. (Fourroux case supra)

(2). Parish School boards may create school districts composed of a part of the parish and a part of an adjoining parish, with the consent of a part of the parish and a part of an adjoining parish, with the consent of the respective school boards, and such school districts may incur debt and issue bonds, and vote special taxes. (R.S. 17:1371) According to the facts subr itted, we assume that the bonded indebtedness referred to by you in the Sixth Ward of St. Martin Parish, for schools, involves a parishwide District of the parish, and not a local school district, so that there would not be a possible violation of any portion of R.S. 17:1371, relative to overlapping districts and the like. The present bonded indebtedness of the area in Ward 6 of St. Martin Parish, would have to be taken into account in connection with another bonded indebtedness for school purposes, and the new indebtedness would not eliminate the old.

(3). Your third question is answered in part by the answer to the second, with the exception that, if a new district is not formed, no contribution can be made under R.S. 17:155 except per capita cost of instruction, as above discussed. If a new district is formed, we know of no authority for contributions to be made because the district itself, as a separate entity with a bonded indebtedness or special construction tax, would appear to be the sole authority for bearing the costs.

We have considered the law dealing with inter-governmental functions, (R.S. 33:1321 et seq.), and it might well be that something could be worked out under this law which would permit such contributions as might be proposed, but we are not prepared at this time so to hold. Because of the provisions of R.S. 17:88 and 89, relative to budgets and the requirement for operations on a fiscal year basis, we are not prepared to say at this time that the School Board of St. Martin Parish could legally bind itself in the future by entering into an agreement under R.S. 33:1321 et seq. (Report and Opinions of the Attorney General of Louisiana, 1962–1964)

Summer School

Tuition is paid by students enrolled in summer school. These funds

represent a source of revenue to local school systems who operate summer school programs. (Annual Financial and Statistical Report of the State Department of Education)

Income from Rent, Lease and Royalties from School Lands

School lands produce revenue in terms of rentals, leases and royalties for mineral production. Leases may be granted for grazing, trapping, and agricultural purposes. (Annual Financial and Statistical Report of the State Department of Education)

Income from School District Leases

Under the provisions of LRS 30:153–154 an agency (local school board) may by resolution direct the state mineral board to lease its land in the prescribed manner. The bonus money, if any, received for the lease shall be transmitted by the state mineral board to the appropriate agency. (R.S. 30:153)

In all cases where sixteenth section or school indemnity lands are leased, either by the state mineral board or the school board, all funds realized from these leases shall be paid to the school board of the parish where the lands are situated. These funds must be credited to the current school fund of that parish. However, in the case of school indemnity lands, the lease shall be made by the state mineral board, and the funds credited to the appropriate parish school board. (R.S. 30:154C)

In all cases where title to land exclusive of sixteenth section or school indemnity lands has been acquired by a school board for the benefit of a particular school or school district, funds realized from a lease of such lands either by the school board or the mineral board shall be paid to the school board. The school board shall credit these funds to a special account and apply them to the uses of the particular school for whose benefit the grant was made. If the particular school specified in the grant no longer exists, the funds shall be placed in the general fund of the school board. (R.S. 30:154D)

Rental of Facilities

Amounts received for rental of auditoriums, classrooms, lunch rooms, gymnasiums and other educational facilities constitute a source of revenue available to local school boards. (Annual Financial and Statistical Report of the State Department of Education)

Court Fines, Forfeitures and Fees

Certain fines, forfeitures and fees, not required by law to be paid to

other political subdivisions or agencies, may be paid to local school boards for the general operation of schools. (Annual Financial and Statistical Report of the State Department of Education)

Contributions

Financial assistance may be provided by local service clubs, school cooperatives, and parent-teacher groups for the purchase of certain instructional materials. In addition, industrial firms have made contributions to local school boards, particularly for subsidizing classroom teacher salaries in specific academic areas. (Annual Financial and Statistical Report of the State Department of Education)

Foundation Grants

In certain instances, special grants may be made by foundation or philanthropic groups to local school boards for the purpose of subsidizing testing, guidance, and adult education programs. (Annual Financial and Statistical Report of the State Department of Education)

Interest on Temporary Investments or Certificates of Deposit

Under provisions of LRS 17:99, parish and city school boards may invest any funds available in direct obligations of the United States government and in time certificates of deposit of state banks and national banks having their principal office in the State of Louisiana. (LRS 17:99)

Miscellaneous Sources

Other minor sources of revenue available to local school boards include the sale of junk and sundry other items.

CHAPTER 7

THE DEVELOPMENT OF THEORIES AND PRINCIPLES OF STATE SUPPORT IN THE UNITED STATES

All important social movements have had an intellectual leader or leaders. These men, who are almost always theorists, are sometimes considered impractical by the general public. However, it is the theorists who shape social policy and social organization more than any other group in society. Politicians and public officials usually base their policies on theoretical assumptions of some kind. Politicians such as Jefferson, Hamilton, and Madison, who were also theorists, have had a profound effect on governmental policy in the United States.

The early theorists on state school finance were not politicians or holders of public office. All of them were university professors, but they have had a profound influence on political policy in the United States with respect to state school financing. These theorists dealt with some of the crucial values, issues, and problems in American society. Therefore, what they had to say was of great interest to the public. Some of the values and issues involved in determining policies on state school financing follow: Is equalization of educational opportunity a function of a democratic government? What level of education should be guaranteed to everyone in order to promote the general welfare? To what extent should the states exercise control over the public schools? To what extent should "home rule" in school government be encouraged? Are nonproperty state taxes more equitable than local property taxes? What percent of school revenue should be provided from state sources?

The central stream of state school finance theory in the United States originated at Teachers College, Columbia University, at the beginning of the twentieth century. The chief participants in this stream and their principal concepts are discussed in the following sections.

Ellwood P. Cubberley

The development of the theory of state school support began with Cubberley, who was a student at Teachers College, Columbia University, near the beginning of the twentieth century. His famous monograph on *School Funds and Their Apportionment*, a revision of his doctoral dissertation, was published in 1905. It is interesting to note that George D. Strayer, Sr., who is discussed later, also received his doctor's degree at Teachers College in 1905. These two were among the first professors of

educational administration. Strayer stayed at Teachers College, and Cubberley went to Stanford University. These two giants were largely responsible for developing the early literature of educational administration. The conceptualizations of school finance developed by those two men, their students, and students of their students have dominated the thinking on educational finance during the twentieth century.

Cubberley's work was so fundamental in formulating the basic concepts of state school financing that several quotations from his original study published in 1905 are set forth below. He studied the historical development of education in the United States, the legal arrangements provided for public education, the effect of the Industrial Revolution on the distribution of wealth, and the inequalities of educational opportunity among the several districts of a state. He then formulated his concept of the state's responsibility for providing educational services as follows:

> The state owes it to itself and to its children, not only to permit of the establishment of schools, but also to require them to be established—even more, to require that these schools, when established, shall be taught by a qualified teacher for a certain minimum period of time each year, and taught under conditions and according to requirements which the state has, from time to time, seen fit to impose. While leaving the way open for all to go beyond these requirements the state must see that none fall below.

He applied his basic concept of state responsibility to the apportionment of state school funds in the following words:

> Theoretically all the children of the state are equally important and are entitled to have the same advantages; practically this can never be quite true. The duty of the state is to secure for all as high a minimum of good instruction as is possible, but not to reduce all to this minimum; to equalize the advantages to all as nearly as can be done with the resources at hand; to place a premium on those local efforts which will enable communities to rise above the legal minimum as far as possible; and to encourage communities to extend their educational energies to new and desirable undertakings.

These concepts were stated by Cubberley in 1905, but they seem quite applicable today. Numerous books, monographs, and articles have been written on state responsibility for education and state school financing, but it is difficult to find in all the literature on this subject a better or clearer statement than Cubberley's conceptualization. It is true, as will be pointed out later in this chapter, that Strayer and Mort at a later date criticized one part of Cubberley's conceptualization; but the differences that arose were on the technology of state distribution of school funds rather than the values or goals. The difference arose over the implementation of the phrase, ". . . to place a premium on those local efforts which

will enable communities to rise above the legal minimum as far as possible. . . ."

After formulating his conceptualizations of sound policy in state school financing, Cubberley used them as criteria to evaluate the methods used by the states to distribute school funds at the beginning of the century. As Cubberley's study was the first comprehensive one to be made of state school funds, and as it was made at the very beginning of the twentieth century, his findings provide a valuable benchmark for measuring progress in state school financing. Therefore, some of his principal findings are set forth below:

1. That due to the unequal distribution of wealth, the demands set by the states for maintaining minimum standards cause very unequal burdens. What one community can do with ease is often an excessive burden for another.

2. That the excessive burden of communities, borne in large part for the common good, should be equalized by the state.

3. That a state school tax best equalizes the burdens.

4. That any form of state taxation for schools fails to accomplish the ends for which it was created unless a wise system of distribution is provided.

5. That (judged by Cubberley's criteria) few states (at the beginning of the twentieth century) had as yet evolved a just and equitable plan for distributing the funds they had at hand.

6. That "taxes where paid," property valuation, total population, and school census were all undesirable methods of apportionment.

7. That total enrollment, enrollment for a definite period, average membership, average daily attendance, and aggregate days attendance are each successive improvements over the census basis of apportionment.

8. That any single measure for distributing state funds is defective; but if one is used, the best single measure is the number of teachers employed.

9. That the best basis for distributing state funds is the combination of the teachers actually employed and aggregate days attendance.

10. That special incentive funds shall be provided to encourage communities to provide secondary education, kindergartens, manual training, evening schools, and so forth.

11. That a reserve fund should be established for the relief of those communities which have made the maximum effort allowed by law and yet are unable to meet the minimum demands made by the state.

Harlan Updegraff

Updegraff is not as well known as some of the other theorists in state school financing, but his contributions are important. Although he accepted the concepts of Cubberley for the most part, he did make some important additions to Cubberley's model. Updegraff, a professor of educational administration at the University of Pennsylvania, made a survey of the financial support of rural schools in New York State in 1921 in which he presented some new concepts of state support. These are the principles of state support he proposed:

1. Local support is fundamental.

2. The local units for the support of schools should contain, insofar as practicable, enough property taxable for school purposes to raise that portion of the expenses of the school which it is believed should be borne by the local districts without an undue burden upon the owners of property.

3. Some portion of the support of local schools should come from the state government, the amount being dependent upon certain factors, exact standards for which have not been scientifically determined, but which will vary in the different states.

4. The administration of state aid should be such as to increase the efficient participation of citizens in a democratic form of government.

5. The purpose of state aid should be not only to protect the state from ignorance, to provide intelligent workers in every field of activity, and to educate leaders, but also to guarantee to each child, irrespective of where he happens to live, equal opportunity to that of any other child for the education which will best fit him for life.

Those were the days in which the word efficiency was greatly emphasized in administration. Therefore, it is not surprising that Updegraff presented a set of criteria for determining the efficiency of state support, a summary of which follows:

1. The efficient participation of citizens in the responsibilities of citizenship should be promoted by making the extent of the state's contribution dependent upon local action.

2. The state should neither be timid nor autocratic in withholding state funds because of deficiencies in local action.

3. Special grants should be provided to encourage the introduction of new features into the schools.

4. The districts should receive support in inverse proportion to their true valuation per teacher unit.

5. Efficiency in the conduct of schools should be promoted by increasing the state grant whenever the true tax rate is increased and by lowering it whenever the local tax is decreased.

6. The plan of state aid should be so framed that it will measure precisely the elements involved and will respond promptly and surely to any change in the local districts.

Updegraff not only proposed principles and criteria for state support, but he developed techniques for the distribution of general school aid which embodied his ideas. He proposed a sliding scale that provided increased amounts of state aid per teacher unit for each increase of 1/2 mill of school taxes levied ranging from 3 1/2 to 9 mills, but he provided proportionately more state aid for a district with a low true valuation per teacher unit.

Under Updegraff's plan, the state would support variable levels of minimum programs ranging from $840 per teacher unit to $2,160 depending upon the amount of local tax effort. He attempted to incorporate the concepts of equalization of educational opportunity and reward for effort within the same formula. As will be pointed out below, both Strayer and Mort opposed that approach. Updegraff justified his proposals for encouraging additional local effort on the basis of efficiency. Updegraff's ideas fell into disfavor for many years following the emergence of the concepts advanced by Strayer and Mort. However, today Updegraff's concept of a variable level foundation program depending upon the level of local effort is being utilized in some modern state support programs. It is not being justified on the basis of efficiency, but on the basis of providing an incentive for quality education.

Updegraff introduced another idea, the teacher unit, which today is incorporated in many state support programs. He suggested that instead of using teachers employed as a basis of state distribution, standard numbers of pupils per teacher should be fixed for different school levels, for urban and rural districts, and for different types of classes.

George D. Strayer, Sr. and Charles Haig

Strayer, like Cubberley, was interested in the total area of educational organization and administration, and he made major contributions

in every sector. In none, however, did he make a greater contribution than in state school finance for he advanced the theoretical basis of school financing. Strayer first advanced his theories of school finance in Volume I of the Report of the Educational Finance Inquiry Commission which was published in 1923. This volume, *The Financing of Education in the State of New York* by Strayer and Haig, devoted four pages to a theoretical conceptualization of the equalization of educational opportunity which has had a major impact on educational thought and policy.

So important has been the effect of this report that some selected excerpts from it are set forth below. The concept "equalization of educational opportunity" that prevailed at that time was described as follows:

> There exists today and has existed for many years a movement which has come to be known as the "equalization of educational opportunity" or the "equalization of school support." These phrases are interpreted in various ways. In its most extreme form the interpretation is somewhat as follows: The state should insure equal educational facilities to every child within its borders at a uniform effort throughout the state in terms of the burden of taxation; the tax burden of education should throughout the state be uniform in relation to tax-paying ability, and the provision for schools should be uniform in relation to the educable population desiring education. Most of the supporters of this proposition, however, would not preclude any particular community from offering at its own expense a particularly rich and costly educational program. They would insist that there be an adequate minimum offered everywhere, the expense of which should be considered a prior claim on the state's economic resources.

Strayer and Haig stated that to carry into effect the principle of "equalization of educational opportunity" or "equalization of school support," it would be necessary:

> (1) to establish schools or make other arrrangements sufficient to furnish the children in every locality within the state with equal educational opportunities up to some prescribed minimum; (2) to raise the funds necessary for this purpose by local or state taxation adjusted in such manner as to bear upon the people in all localities at the same rate in relation to their tax-paying ability; and (3) to provide adequately either for the supervision and control of all the schools, or for their direct administration by a state department of education.

Strayer and Haig then presented the following conceptual model for formulating a plan of state support which incorporated the principles they had outlined:

(1) A local school tax in support of the satisfactory minimum offering would be levied in each district at a rate which would provide the necessary funds for that purpose in the richest district.

(2) The richest district then might raise all of its school money by means of the local tax, assuming that a satisfactory tax, capable of being locally administered, could be devised.

(3) Every other district could be permitted to levy a local tax at the same rate and apply the proceeds toward the cost of schools, but

(4) since the rate is uniform, this tax would be sufficient to meet the costs only in the richest district and the deficiencies would be made up by state subventions.

It will be noted that Strayer and Haig emphasized the equalization of the tax burden to support schools as well as the equalization of educational opportunity. However, they did not incorporate the reward for effort or incentive concepts in their state support model. They attacked these concepts, which had been advanced by Cubberley and Updegraff, in the following words.

> Any formula which attempts to accomplish the double purpose of equalizing resources and rewarding effort must contain elements which are mutually inconsistent. It would appear to be more rational to seek to achieve local adherence to proper educational standards by methods which do not tend to destroy the very uniformity of effort called for by the doctrine of equality of educational opportunity.

Paul R. Mort

Mort was one of Strayer's students and later became his colleague at Teachers College, Columbia University. Strayer and Haig referred to a "satisfactory minimum program" to be equalized, but they offered no suggestions concerning how to measure it. Mort assumed the task of defining a satisfactory minimum program as his doctoral problem. His doctoral dissertation, *The Measurement of Educational Need*, was published in 1924.

Mort perhaps should be classified a disseminator and developer, but he was a theorist as well. Although he accepted completely the conceptualization of Strayer and Haig, he somewhat clarified their theories, and he advanced some concepts of his own concerning the formulation of a state minimum program. Therefore, some of the key ideas developed by Mort in his dissertation are presented below.

Mort presented an extremely advanced concept of what should be included in the state-assured minimum program. These are the elements he recommended for inclusion.

(1) An educational activity found in most or all communities

throughout the state is acceptable as an element of an equalization program.

(2) Unusual expenditures for meeting the general requirements due to causes over which a local community has little or no control may be recognized as required by the equalization program. If they arise from causes reasonably within the control of the community they cannot be considered as demanded by the equalization program.

(3) Some communities offer more years of schooling or a more costly type of education than is common. If it can be established that unusual conditions require any such additional offerings, they may be recognized as a part of the equalization program.

Mort modestly stated that " . . . It cannot be hoped that these will prove exhaustive as the thinking in this field develops." However, his concepts of the elements to include in a minimum program are as valid today as when they were written. For example, his third element includes compensatory education for the disadvantaged, which is a comparatively recent extension of the educational offering.

Mort defined a satisfactory equalization program as follows:

> A satisfactory equalization program would demand that each community have as many elementary and high school classroom or teacher units, or their equivalent, as is typical for communities having the same number of children to educate. It would demand that each of these classrooms meet certain requirements as to structure and physical environment. It would demand that each of these classrooms be provided with a teacher, course of study, equipment, supervision, and auxiliary activities meeting certain minimum requirements. It would demand that some communities furnish special facilities, such as transportation.

Mort sought objective, equitable measures of educational need that could be used by a state legislature in determining the amount of the state appropriation for equalization. He also wished his measure to be used by officials in the state department of education for apportioning state school funds with a minimum of state control.

Mort used complicated sets of regression equations to estimate on the basis of average practice the typical number of teachers employed in elementary schools that varied in numbers of pupils. He assumed that sparsity of population would make it necessary for some districts to operate certain small schools which would not have the economics of scale provided by larger schools. In other words, he assumed that a greater number of teachers for a given number of pupils would need to be employed in the small schools than in the large schools. His statistical studies, based on average practice in New York State at that time,

showed that more teachers were employed per pupil in elementary schools with an average daily attendance of less than 142, but that the average number of teachers per pupil employed for larger elementary schools did not vary substantially. He found that the number of pupils per teacher varied in high schools up to 518 in average daily attendance but did not vary substantially in high schools above that size. He developed separate regression equations for both elementary and high schools. One could take the average daily attendance of any size school, substitute it in the appropriate equation, and compute the number of either typical elementary teachers or typical high school teachers.

Mort's concept of "weighting pupils" was later extended to include weighting pupils enrolled in vocational education, exceptional education and compensatory education in order to provide for the extra costs of these special programs.

Most foundation programs today use some form of the weighted teacher or weighted pupil measure. The weights, of course, have changed, as well as the methods of determining them, but the concept of making allowance for necessary cost variations beyond the control of local boards of education is generally recognized as sound policy.

Mort directed a national study of state support in 1931. The report of this survey entitled *State Support of Public Education* contained a summary of the status of state support at that time. Following is a brief summary of his findings concerning the condition of state support in 1931-32:

1. In all but a few states, the actual minimum status of education was determined by the economic ability of local districts to support schools rather than the social needs for education.

2. The minimum program actually guaranteed was in nearly every state far below the program provided in communities of average wealth.

3. An analysis of the methods used by the different states to measure educational need revealed that no state was using as refined measures as were available. Measures in use were inequitable in one or more of the following respects: treatment for variation of size of school, treatment of districts of the same size, caring for the higher costs of high schools, caring non-residence, consideration of costs of living, consideration of transportation and consideration of capital outlays.

Henry C. Morrison

Morrison is sometimes forgotten by those studying the theory of state school financing. He is perhaps more noted for his theories of in-

struction and curriculum than for his theories in school finance. However, Morrison wrote an important book, *School Revenue*, in which he made some significant contributions to the literature on school finance. He noted the great inequalities of wealth among school districts that caused great inequalities in educational opportunity. He observed that constitutionally education was a state function and that local school districts had failed to provide that function efficiently or equitably. He asserted that attempts to provide equal educational opportunities by enlarging school districts, by offering state equalization funds—such as those advocated by Mort—or by offering state subsidies for special purposes had failed. He theorized that those measures would continue to fail to meet educational needs and, at the same time, to provide an equitable system of taxation to support schools. Therefore, Morrison proposed a model of state support whereby all local school districts are abolished and the state itself becomes both the unit for taxation for schools and for administration of public schools. He suggested that the most equitable form of tax for the state to use for the support of schools was the income tax.

Morrison's ideas on state school finance were not well received. At that time, great emphasis was being given to local initiative and local home rule. It fact, local self-government was almost equated to democracy itself in the political thought of Morrison's time. The Cubberley, Updegraff, Strayer, Haig, Mort axis of thought was in the mainstream of American political thought and, therefore, widely accepted.

However, the defects that Morrison saw in local school financing are as evident today as in his time. Furthermore, educational opportunities are far from being equalized among school districts within most states, and there is more complaint about the inequities of local property taxes for schools than ever before. It is interesting to note that in recent years Hawaii has established a state system of education with no local school districts that is similar to the model advocated by Morrison. The federal Elementary and Secondary Education Act of 1965 was enacted by Congress largely for the purposes of remedying some of the defects of the American system of education that Morrison foresaw if the states continued to rely largely on local school districts to perform state functions. Morrison's model for state school financing is not as far outside of the mainstream of American thought today as it was in 1930.

NOTE: The material presented in Chapter 7 was published in Chapter 1 of Volume 4 of the National Educational Finance Project entitled *NEFP—Status and Impact of Educational Finance Programs*. Chapter 1 was prepared by Dr. Roe L. Johns, Professor Emeritus, University of Florida. Dr. Johns granted permission for this material to be included in this report of school finance in Louisiana.

CHAPTER 8

THE DEVELOPMENT OF EQUALIZATION AS A BASIS FOR SCHOOL SUPPORT IN LOUISIANA, 1928 TO 1930

During the early 1800's, the State of Louisiana made its initial effort in support of education by appropriating funds for a public school system. State funds were allowed each parish for the purchase of school buildings, and this type of state aid for public education was used for financing schools.

The General School Act of 1821 established the method by which this new state aid was to be distributed to school systems. The state appropriated $800 to each parish that maintained at least one public school for a minimum of three months. Local school boards were to be guided by the needs of individual schools in the distribution of school funds.

A new method of distributing state aid to local school systems was established by the General School Act of 1833. State support for public schools was set at $4 a month for each child enrolled in schools enrolling ten to twenty pupils, and $2.50 per child when the enrollment exceeded twenty pupils. This method of distributing funds placed the emphasis on the number of children enrolled in school as basis for allocating school funds. In 1847, the Louisiana Legislature changed the basis of distribution from the number of children enrolled to the number of resident educables between the ages of 6 and 16. From 1847 until the latter part of the 1920's, the distribution of state funds to local school boards was made primarily on a per-educable basis. Age limitations varied in terms of constitutional provisions, as did funds made available by the state.

Unit of School Expenditures

In 1847, the local school district became the unit of public school administration in Louisiana. It was legally charged with responsibility for receiving and distributing school funds. This plan was entrenched in 1877 by the creation of district school boards in addition to the parish-wide boards.

Efforts to improve this system were made as early as 1853, when the fiscal weakness of distributing funds to local units on a district basis was pointed out by State Superintendent R. C. Nicholas. He called attention to a thoroughly bad cog in the educational machinery, one that gave trouble and that worked a gross injustice upon thousands of children for

many years. He recommended abolition of districts, or a decrease in their number, but nothing came of his suggestion.

Again, in 1869, the State Superintendent of Education called attention to the evils of such a system. And T. H. Harris, who served as State Superintendent in the present century, said in retrospect:

> The local school district was the unit of public school administration, which is bad enough at its best, but in this case the district system was at its worst, for it required that the school funds should finally reach the schools on the basis of the number of educables in each district. This scheme would have prevented the thinly populated portions of the parishes from having good schools, even if there had been a serious intention to provide them. The plan of organization made no provision for local supervision, since there was no parish superintendent or other executive to administer the affairs of the schools.

It was not until 1912 that legislation was enacted to abolish this system. Legislation which brought about a long-needed change was known as the Burke Bill in honor of its introducer, Senator Walter J. Burke of New Iberia. Senator Burke had been a member of the State Board of Education and was an active friend of a public education.

While the Burke Bill provided for several important changes in the machinery governing the public schools, the significant feature insofar as the distribution of state funds was concerned was the change in the unit responsible for receiving state funds. Harris comments on this provision as follows:

> This Act provided for another improvement in the school machinery. It had always been a legislative requirement up to this time to distribute the school funds after they reached the parish school treasury to the attendance districts on the basis of the number of educables in the different districts, with the result, of course, that the thinly populated districts suffered while the populous centers prospered. The new Act made the parish the unit of school expenditures and left the school boards unhampered to spend the school funds where they would accomplish the most good.

Financial Dilemma of Local School Districts Prior to 1930

In the late 1920's public school administrators became increasingly aware of the problem "How can Louisiana more adequately meet her obligation to educate the children?" Many local school systems were approaching financial bankruptcy in the matter of public school support. Two reasons have been suggested as the causes of the demise of the local school districts: first, the cost of education was out of necessity increasing, while second, the financial resources were decreasing. Thus, a most important question confronting public education at that time was how to

meet the existing conditions in a manner to guarantee good schools for all children without imposing confiscatory tax rates upon the people. (Bulletin 166 of the Louisiana State Department of Education, 1929)

T. H. Harris, then State Superintendent of Education in Louisiana, elaborated on the financial dilemma of local school districts in the following manner:

> School costs grow larger from year to year because the enrollment is increasing annually by several thousand, the high schools are growing at a rapid rate, additional transportation facilities are demanded in numerous parishes, and in other essential respects demands are made by the public for better facilities, all of which cost money.
>
> The ability to raise school funds is growing l[illegible] in many parishes. In the face of the demands of the public for additional school facilities, the assessments are going down from year to year, and, as a result, local school funds are becoming smaller and smaller. The aggregate assessment of the state increases somewhat every year, but the increase is due entirely to the growing wealth of a few centers whose cities are becoming larger, or whose new industries and commercial establishments result in additional assessments. These conditions do not prevail in nearly three-fourths of the parishes. In these the assessment is several hundred million dollars less today than it was ten years ago.
>
> The poor parishes have pursued the practice of imposing additional special maintenance taxes, hoping in that manner to finance their schools adequately. They have discovered that the problem cannot be so solved, for a tax rate adequate to finance the schools in the face of growing educational needs and annually diminishing assessments would prove too burdensome for the people to bear. Relief must come from some other source. (Bulletin No. 166 of the Louisiana State Department of Education, 1929)

John M. Foote of the Division of Reference and Service in the Louisiana State Department of Education, expanded upon the comments of Harris by stating:

> Additional State aid is a subject of school finance which has been brought to the attention of the Legislature and the general public on repeated occasions during the past decade. Additions have been made to the current School Fund but despite this fact the need of further aid for the weaker half of the parishes is more urgent than ever before. This is due primarily to the rapid increase in school costs and the diminishing ability of these parishes to support their schools.
>
> Further educational progress in one-half of the parishes in Louisiana is absolutely dependent upon two conditions: First, a special state school fund for the aid of parishes whose economic resources are inadequate to support a satisfactory educational program; and second, the distribution of such a fund among the parishes on the basis of need compared with support. (Bulletin 166 of the Louisiana State Department of Education, 1929)

As early as 1928, Superintendent Harris had identified three fundamental principles of school administration under which state aid for public education should be provided and distributed. These principles included:

1. Education is a responsibility resting upon the state.
2. The state should insure some satisfactory standard or minimum of education for all local units.
3. Economic resources should be taxed where they exist and the revenues therefrom where the need exists.

In terms of these principles, the constitution recognized education as a state responsibility, provided for a system of schools, delegated the primary responsibility to the parishes, reserved certain powers to the state, directed the legislature to levy both state and local taxes, and directed that the state school fund be distributed to the parishes on the basis of educable children 6 to 18 years of age. The theory of this method was predicated upon the basis that the number of children in a parish represented a fairly accurate measure of educational need and the state fund when so distributed equalized the cost of education among the parishes. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Revenues for Education Prior to 1930

Funds to pay the current operating costs of the schools were derived mainly from the state and parish ad valorem taxes levied on assessed property valuations. Parish and city school boards were authorized to levy the constitutional tax of three mills and received smaller sums from poll taxes, court fines and forfeitures, interest on sixteenth section land funds and miscellaneous items. A limited number of local school districts also received varying amounts from rent and lease of school lands and a portion of the severance tax funds returned to the parish of origin. (Bulletin 166 of the Louisiana State Department of Education, 1929)

The state school fund was derived from a state-wide property or ad valorem tax of two and one-half mills, which yielded approximately four million dollars and a portion of the state severance tax on natural resources which amounted to approximately one million dollars. In terms of provisions of the Constitution of 1921, this sum of approximately five million dollars was distributed to local school districts on the basis of the number of educable children 6 to 18 years of age. This number was determined by a school census taken every four years. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Limitations of a School Census Basis for Apportioning State Funds

The school census basis for distributing state funds to local school

districts appeared, on its face, to be an equitable method. Each school system had a definite number of children to educate and apparently, about the same amount per child was needed to pay the cost. The idea also prevailed that such distribution tended to equalize the cost whereas in actuality, the inequities were as great or greater than ever. Some of the more common limitations of using the school census as a basis for apportioning state funds to local school districts included:

1. The method failed to take into account the variations in school attendance in which one parish may conceivably enroll 90 percent of the educable count whereas another school district may enroll as few as 50 percent.

2. This plan of distribution overlooked the proportion of children within the school age groups in which one parish may have 33 percent and another has but 22 percent.

3. The plan failed to recognize the higher per-pupil cost in rural parishes due to the widely scattered population.

4. The distribution ignored the wide differences in the cost of white and Negro schools where in one local school district three-fourths of the children are Negro and in another nine-tenths are white.

5. The distribution of state funds on a school census basis failed to take into account the variations in local ability to support schools.

6. This plan of distribution failed to serve as an incentive to improve school facilities, lengthen school terms, encourage better attendance, relieve crowded classrooms; rather the plan had the opposite effect. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Equalizing Fund Proposed

By 1929, the school census basis for apportioning state funds was utilitized in half of the states—particularly in the South. When first introduced, the plan was accepted as a marked improvement over previous methods. The plan was so generally accepted that many of the states had the provision incorporated into the constitution—just as was done in Louisiana. However, once certain limitations were apparent in the school-census apportionment plan, the constitutional inhibitions were overcome, not by changing the constitution, but by providing separate or special funds to be distributed on the basis of need compared with support—the latter including funds received from the state on the usual school census basis. The lead taken by Maryland in 1921 was followed rapidly by a majority of the states. In the South, the states of North Carolina, South Carolina, Georgia, Alabama, Mississippi, Arkansas and

Oklahoma had provided state funds for the purpose of equalizing the differences in educational opportunity and in tax burden among local school units. Since Louisiana was bound by the constitution to what had become an unwise plan, Foote and Harris proposed that the state legislature provide an adequate special fund to be known as the "Equalizing Fund." The proposal implied that the state would insure to all parishes and to all communities within the same parish some basic minimum program. Further, the state was responsible for paying such additional cost as was necessary to enable local school districts to meet the cost. Therefore, a special state fund was required. No recommendation was made by Foote and Harris as to the source of the fund. These educators had expressed the view that "when the urgent need of this particular kind of State aid is fully understood by the people of the State the Legislature will undoubtedly find some proper source of taxation." (Bulletin 166 of the Louisiana State Department of Education, 1929)

Equalization Defined

Foote, in proposing an equalization plan for Louisiana, set forth a definition of the term including the stipulation of certain basic principles of educational finance upon which an equalization program rests. Foote defined equalization as follows:

> The term equalization of educational opportunity, or equalization of school support as it is frequently termed, is an expression currently applied to the movement in educational finance which has for its purpose the offering of some minimum school program to all local units within a state. As commonly interpreted, the State insures equal facilities for all children up to some prescribed minimum and the supporting tax rate is equal in all parts of the state. Any particular school unit could offer at its own expense a much richer and more costly program. As a matter of fact, actual equalization would never be attainable in any state for the cost of equalizing up to the level of the program maintained by the most wealthy unit would be prohibitive. Nor would it be desirable to limit the offering of wealthy units to the minimum program set up by the State for all units. Equalization does not attempt to raise to the level of the richest nor does it fix any upper limits on the offerings or support of any unit. It is, however, a raising of the facilities to a prescribed minimum. In theory the burden of support should fall equally upon all units. In actual practice the intent of the movement is accomplished if the burden of support is brought to within a reasonable measure of equality.

As early as 1915 Strayer had defined specific fundamental considerations which should govern the state in equalizing educational opportunity among local school systems in terms of the following language:

> 1. The need of the local school unit measured in terms of the cost involved in providing a minimum educational offering.

2. A uniform local tax rate based upon an equalized assessment throughout the state.

3. State support to make up the difference between the amount produced by the uniform local tax and the amount required to maintain the minimum acceptable program of education. It may be accepted as a fundamental principle of democracy that the education of its youth is the duty and responsibility of the state, that the state should make available for every child a satisfactory opportunity, and that the cost should fall equitably upon the taxpayers of the state. It is understood that the application of this principle should in no case bar any local unit from providing an educational program more extensive than the accepted state-wide minimum program. (George D. Strayer, "Financing Education," *School and Society*, February, 1915.)

Foote modified and restated Strayer's principles of educational finance upon which an equalization program should rest as follows:

1. In a democracy it is the duty and responsibility of the state to educate its youth. The application of this principle requires that some minimum school offering should be available for all children and that the cost should fall equitably upon all local units.

2. The difference between the cost of a minimum program and the financial support coming from regular and statutory sources common to all units is the amount needed to equalize educational opportunity. The state should provide this difference through an equalization fund.

3. The minimum program should include those educational undertakings common to all units, or accepted as essential, and such supplemental activities as may be necessary to make them effective. (Bulletin 192 of the Louisiana State Department of Education, 1931)

The Plan Proposed

Two problems. Before the state accepted the equalization idea and provided a fund, two problems had to be kept in proper perspective. They were:

1. A minimum program had to be determined.

2. The support expected from each parish had to be determined.

Quite obviously the distribution of the proposed fund was limited to those parishes whose support fell below the cost. Differences of opinion concerning the plan proposed were anticipated, however, school people and laymen generally agreed that the basis was reasonable and equitable. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Two principles. Two principles were cited for determining those

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undertakings that were to be included in the minimum educational program. They were:

1. An educational undertaking commonly found in all communities or generally accepted as essential should be included.

2. When a supplementary or additional undertaking was necessary in order to carry on an activity chosen under the first principle, it should be included in the minimum program.

Undertakings included. Under the first principle regular elementary and secondary day schools were recognized and the cost of offering some minimum opportunity in those grades was equalized. The costs included instruction (teachers' salaries) and the usual expenses of administration, supervision, operation, and maintenance common to all parishes. The second principle demanded consideration of the cost of transporting pupils to school. This factor clearly represented a supplementary or additional undertaking made necessary in order that pupils in rural areas be afforded an opportunity to receive an elementary and high school education. Therefore, the cost of offering some minimum opportunity in transportation was to be equalized. Capital outlay expenditures for school building were considered but eventually eliminated on the grounds that expenses in this area were a local responsibility. It was felt that the state should not participate in costs of this nature. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Based on average conditions. Once instruction and transportation were identified as the basis for determining the minimum offering, it was necessary to fix the need, the cost, and the available support. The basis used was the average of conditions prevailing in the state. Need was expressed in terms of some common unit as the cost per teacher or per pupil. It was deemed advisable to keep separate the instructional costs of white and Negro schools. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Cost phase of the plan proposed. The cost phase of the proposed minimum program included the following items:

1. Instruction White. This item included the number of teachers allowed in the minimum program based upon an approved pupil-teacher ratio multiplied by an average salary of $1125 for a nine-month session.

2. Instruction Negro. This item included the number of teachers allowed in the minimum program based upon a pupil-teacher ratio of 38 to 1 multiplied by an average salary of $450 for a six-month session.

3. Transportation. This item included the cost of transportation de-

termined at 10 percent of the cost of current operation. This percent represented the average state ratio in terms of the cost of transportation and the total cost of current operation. Two stipulations were specified. First, the per pupil cost of transportation was not to exceed $30, and second, no pupil residing within one and one-half mile from the school attended was included. In actual operation the state would equalize transportation in a parish up to 10 percent of the cost of current operation. A parish school system spending a smaller percentage was credited only with the amount actually expended.

4. Other Costs. The operation of a system of elementary and high schools by a local school district required expenditures for items other than instruction and salaries. The need for these other items in current operation was obvious. Hence, the average percentage of these factors was determined at 17 percent of the cost of current operation. This figure was used in the determination of this factor in the cost phase of the program. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Support phase of the plan proposed. Support for the minimum program included all revenue receipts which accrued to local school districts in addition to a proposed parish-wide special tax of 3.5 mills. State sources included in the support phase were:

1. State current school fund or school census distribution
2. Interest on the sixteenth section land funds
3. Grants from the Federal Vocational Board
4. Lesser amounts from minor sources

Local sources included were:

1. 3 mill parish-wide ad valorem or constitutional tax
2. Poll taxes
3. Court fines and forfeitures
4. Income from leasing school lands
5. Severance tax returned to parish of origin (school board's pro-rata share)
6. Miscellaneous items

(Bulletin 166 of the Louisiana State Department of Education, 1929)

Additional considerations. Parishes participating in the equalizing fund were required to comply with several reasonable conditions in order to assure that the purposes of the fund were fully realized. These considerations were:

1. Deductions were made from the cost of the minimum program of

each parish where the conditions were not fully satisfied. Failure to employ the minimum number of properly qualified teachers in each school, operating a school less than the required session, or expending less than the minimum amount for other costs of current operation obviously brought reductions, otherwise the state would be in a position of funding facilities not provided.

2. It was necessary to fix minimum salaries for white and Negro teachers in order to assure an equitable use of funds among schools within a parish. Otherwise, unusually large salaries could be paid in some local school districts and the reverse in others.

3. Complete reports were required showing the data upon which the cost and support were based.

4. The state must have the right to inspect the facilities offered and to require modification whenever facilities were unsatisfactory. (Bulletin 166 of the Louisiana State Department of Education, 1929)

Foote concluded his report in 1929 with the following summary based in terms of available data in the State:

1. There were substantial differences in educational load among the parishes and between the urban centers and the rural areas.

2. There were major differences in ability to support education as evidenced by variations in assessment (taxable wealth among the parishes and between the urban centers and rural areas).

3. There were decreases in assessment in forty-six parishes.

4. There were substantial existing debts in thirty-seven parishes.

Was there a remedy? A permanent remedy for the inequalities could be found in a "State Equalizing Fund." The proposal was not new in educational finance. In recent years many states had provided funds of this nature. (Bulletin 166 of the Louisiana State Department of Education, 1929)

School Legislation in 1930

Two amendments to the State Constitution were adopted at the special session of the legislature in September 1930, and submitted to the electorate of the state at the general election in November. Both received approval at the hands of the voters by very large majorities. Both were financial measures of far-reaching importance to the public school interests of the entire state. These amendments were intended to accomplish two very definite purposes: first, to increase state school sup-

port so that adequate school facilities could be maintained in all parishes; second, to provide special aid to the poorer parishes in the form of an equalization fund. (82nd Annual Report, Louisiana State Department of Education, 1930-31)

The Hoffpauer Amendment. The first amendment directed the legislature to provide a minimum state school fund for the support of public education of $12 per educable child. Of this amount $10 was to be distributed to all parishes on the basis of the school population and $2 was to be used as a state equalization fund. (82nd Annual Report, Louisiana State Department of Education, 1930–31)

The Wimberly Amendment. The Wimberly Amendment provided for a tax of one-half cent per gallon on the sale of gasoline for the benefit of the public schools. The amendment provided for the immediate imposition of the tax with collection beginning on December 1, 1930. State government officials had predicted that the consumption of gasoline in the state would increase from year to year. (82nd Annual Report, Louisiana State Department of Education, 1930-31)

This view was supported by E. A. Conway, State Supervisor of Public Accounts, showing the revenue received during the past six years from one cent of the present gasoline tax. Conway stated that the proceeds from this tax increased as follows:

July 1 to June 30, 1924-25	$1,069.480.72
July 1 to June 30, 1925-26	1,291,338.54
July 1 to June 30, 1926-27	1,418,033.82
July 1 to June 30, 1927-28	1,565,032.44
July 1 to June 30, 1928-29	1,709,703.75
July 1 to June 30, 1929-30	1,844,196.20

Conway indicated that a 10 percent increase from the proceeds of the gasoline tax was not improbable. It was assumed that the tax of one cent would yield two million dollars during the first year. Since one-half was dedicated to the equalization fund the State Board of Education was expected to receive approximately one million during the 1931 calendar year. Since the 1930-31 school session ended on June 30, only half of the one million dollars, or $500,000, was expected for distribution for the remaining semester of the 1930-31 school year. (Bulletin 192, Louisiana State Department of Education, 1931)

Plan for the Equalization Fund

Following the adoption of these amendments, it immediately became necessary for the State Board of Education to formulate an equitable plan

for distributing funds under an equalization formula to local school systems found to be most in need. This task was delegated to John M. Foote of the Division of Reference and Service. After much study and frequent consultation, a plan was devised that was considered sound and equitable in principle. On December 13, 1930, the plan was adopted by the State Board of Education. (82nd Annual Report, Louisiana State Department of Education, 1930-31)

State Superintendent of Education T. H. Harris expressed the views of many educators concerning the new distribution plan, when he stated:

> I think the plan is a good one—the best that has so far been devised in this country—but there can be little doubt that experience will suggest modifications which will improve the plan of distributing the equalizing funds. It shall be our purpose to keep on the alert to detect improvements, and we shall welcome suggestions from school officials, teachers, and laymen, having for their purpose the wisest possible use of the equalizing funds. (Bulletin 192, Louisiana State Department of Education, 1931)

The State Board of Education accepted this statement of principles as a guide for the plan of distributing the funds allocated to equalization and agreed that the duty and responsibility of the state to the poorer parishes would best be fulfilled within the meaning of these underlying principles. (Bulletin 192, Louisiana State Department of Education, 1931)

The Plan adopted in 1930-31

In line with the principles stated and in accord with the best prevailing practice in other states the State Board of Education adopted the following plan for distributing equalization funds in 1930–31. The plan included the following facets:

1. Provided for the maintenance of a minimum educational offering in all parish and city school systems.
2. Determined the cost of the defined program in all parish and city school systems.
3. Included the support received from regular state and parish sources.
4. Distributed equalization funds to those parish and city school systems whose support fell below the cost of the program.

Additional funds were thus provided to pay the difference between the cost of the minimum program and available support. These few statements stipulated the plan for equalization in most condensed terms. (Bulletin 192, Louisiana State Department of Education, 1930–31)

The Mimimum Program defined. The minimum program adopted for 1930–31 included four factors as follows:

1. Instruction (teachers) in White schools.
2. Instruction (teachers) in Negro schools.
3. Transportation of pupils.
4. Other services for current operation.

As a result, all factors which entered into the current cost of a parish school system were recognized.

In order to arrive at basic amounts for each item, the state median cost of each of the units during the previous session, 1929–30, was determined. The state median amounts arrived at were:

1. $970 for White teachers
2. $292 for Negro teachers
3. $27 for transportation
4. $6 for other services

When these median costs were used in a trial set-up, it was discovered that the amount necessary to equalize on this basis was $3,750,000. Therefore, while it was extremely desirable to bring the "poorer or weaker" parishes up to the level of median conditions prevailing in the state, it was obviously impossible. Consequently, reductions were necessary. After many trials and much deliberation, the following amounts were agreed upon as educationally sound and equitable:

1. $800 per annum for White teachers for a nine-month session.
2. $300 per annum for Negro teachers for a six-month session
3. $10 per pupil of average attendance transported.
4. $2 per pupil of average attendance, both White and Negro, for other costs of current operation.

During this period some educators expressed views that all factors be reduced in the same proportion. If this position had prevailed, the amount specified for salaries of white teachers would have been lowered to $700 or less while salaries of Negro teachers would have been brought to an absurdly low level. In addition, it was recognized that while transportation and other services were important and necessary auxiliary services, when confronted with the necessity of making a distinction, it was not logical to place them on the same level with instruction in the educational program. (Bulletin 192, Louisiana State Department of Education, 1931)

Number of teachers allocated in the cost program. An interesting feature of the plan was the manner in which the number of teachers was allotted to each local school system on an equalized basis. This was ac-

complished by means of a schedule of pupil-teacher ratios prevailing in schools of different sizes in the state. For example, the median average attendance in all two-teacher schools was found to be 40 pupils or 20 pupils to one teacher; the median in all three-teacher schools was 63 pupils, or 21 to one; in four-teacher schools the ratio was 22 to one; and so on. The number of teachers in each school was found by applying the schedule of ratios to the average attendance. The number of teachers allotted to a parish was arrived at by simply adding the number allotted to the different schools. An important facet of the allocation was that the number of teachers allotted was determined in exactly the same manner in all local school systems. In terms of this procedure the number of teachers was equalized not only among parishes but among schools in the same parish. The procedure and schedule utilized in allotting teachers in the formula for 1930–31 follows:

TABLE 6

Schedule of Pupil-Teacher Ratios, 1930–31

Number of Teachers	Average Attendance	Pupil-to-Teacher Ratio	Range of Attendance
1	2	3	4
1	19	19.0	10–29
2	40	20.0	30–51
3	63	21.0	52–74
4	88	22.0	75–100
5	115	23.0	101–130
6	145	24.1	131–160
7	175	25.0	161–190
8	205	25.6	191–220
9	235	26.1	221–250
10	265	26.5	251–280
11	295	26.8	281–310
12	325	27.1	311–340
13	355	27.3	341–370
14	385	27.5	371–400
15	415	27.7	401–430
16	445	27.8	431–460
17	475	27.9	461–490
18	505	28.1	491–520
19	535	28.2	521–550
20	565	28.3	551–580

**The data upon which this schedule is based are found in the Annual Report of the State Department of Education, 1927–28, page 78. The name, number of teachers, and average attendance of each school in the state are reported by parishes.*

(Bulletin 192, Louisiana State Department of Education, 1931)

Support for the program. The financial support credited to each parish and city school system included the amount received from the State Current School Fund (Per Educable Distribution) and other minor items from state sources. In an analysis of state and federal sources listed in the 1929–30 Annual Report of the Louisiana State Department of Education, the term "other minor items from state sources" appeared to include the following:

1. General Education Board, Rosenwald and Slater Funds available to the state.

2. Sixteenth Section, illiteracy and other funds.

3. Federal Vocational Board Funds. (Bulletins 186 and 192 of the Louisiana State Department of Education)

Parish or local sources included as items of support were the 5-mill Constitutional (ad valorem) tax and lesser items from local sources. The term "lesser items" as reported in the 1929–30 Annual Report of the Louisiana State Department of Education seemed to include the following:

1. Poll tax
2. Court fines and forfeitures
3. Rental of school lands
4. Interest on general fund balances
5. Tuition payments by local school systems
6. Donations

Only funds from regular and statutory sources were included. Whenever the support generated by a school district was less than the cost of the minimum program, the district received the difference in funds from the equalization distribution. In other words, the state classified such a local school system as being unable to meet the cost of the minimum program defined by the State Board of Education and consequently made an amount available sufficient to make up the difference. Thus, the state made equalization funds available so that children may be assured of receiving a guaranteed level of educational opportunity. (Bulletins 186 and 192 of the Louisiana State Department of Education)

Additional requirements. In order that the intent and purpose of the equalization fund may be fully realized the participating local school districts were expected to comply with the following reasonable conditions:

1. All teachers employed must hold valid certificates issued by the State Department of Education authorizing their employment in Louisiana schools. List of teachers and their qualifications and salaries must be

submitted to the State Department of Education as may be required.

2. Reports must be made annually to the State Department of Education showing the data upon which the tabulations for the distribution of the equalization fund were to be based.

3. A copy of the annual budget of receipts and disbursements must be submitted to the State Department of Education. In the event the budget of any parish fails to meet the requirements of the plan for equalization, the State Board of Education may, at its option, require changes in conformity with the spirit and letter of the adopted procedure for equalization.

4. The State Superintendent, or members of his staff, shall from time to time, or as may be necessary, examine and report upon the school facilities maintained and shall require modifications whenever such facilities were at variance with the intent and purpose of the plan for equalization.

5. In the event any parish failed to provide the facilities and to comply with the conditions set up for the distribution of the equalization fund the State Board of Education may, at its option, withhold from such parish any funds that may be allotted to it.

6. The equalization fund was to be distributed quarterly during the year in the months of March, June, September, and December.

The distribution in 1930–31. The following statistics were determined upon application of the equalization formula in 1930–31.

A. Support for Minimum Program
   1. State Sources ..... $ 5,177,505
   2. Parish Sources 5,459,782
   3. Total Support $10,637,287

B. Cost of Minimum Program
   1. White teachers—8,762 teachers allotted @ $800 = $7,009,600
   2. Negro teachers—3,034 teachers allotted @ $300 = 910,200
   3. Transportation—Average attendance x $10.00 per pupil = 728,230
   4. Other cost—Average attendance in public schools x $2.00 = 699,188
   Total cost of Minimum Program $9,347,218

C. Difference Necessary to Equalize $1,021,918

D. One-half Expected for Distribution in 1930–31 = $510,959

(Bulletin 192 of the Louisiana State Department of Education, 1931)

This fund was to be distributed to 35 local school districts in terms of the following amounts:

TABLE 7

Distribution of the Equalization Fund, 1930–31

Amounts	Local School District	Number
$35,000-39,999	Avoyelles, Sabine	2
30,000-34,999	Tangipahoa	1
25,000-29,999	Livingston, Vermilion, Washington	3
20,000-24,999	Evangeline, Franklin, Grant, Rapides, Union, Vernon	6
15,000-19,999	Bienville, Lincoln, West Carroll, Winn	4
10,000-14,999	Allen, Caldwell, Jackson	3
5,000- 9,999	Ascension, Beauregard, Calcasieu, Catahoula, Jefferson Davis, LaSalle, Red River, St. James, Webster	9
Less than 5,000	Lafayette, Richland, St. Helena, St. John, St. Landry, St. Tammany, Terrebonne	7
None	Acadia, Assumption, Bossier, Caddo, Cameron, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Iberia, Iberville, Jefferson, Lafourche, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Martin, St. Mary, Tensas, West Baton Rouge, West Feliciana, City of Lake Charles, City of Monroe	31
	Total	66

(Bulletin 192 of the Louisiana State Department of Education, 1931)

Summary

Despite the availability of additional state funds during 1930, overall support for schools continued to decline rather than to increase. To compound the problem, many school systems which had anticipated participating in the new state equalizing fund, failed to do so for several reasons. The cause of the distress in these parishes was readily pin-pointed when data concerning educational offerings and cost were analyzed. These systems apparently were attempting to maintain school programs above the average of conditions prevailing in the state and beyond the ability of the district to pay. When the facts were examined, the following conditions seemed to prevail:

1. Too many teachers were employed.

2. Some schools had been unwisely consolidated.

3. Too many small, expensive high school departments were maintained.

(Bulletin 192 of the Louisiana State Department of Education, 1931)

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CHAPTER 9

THE CRITICAL YEARS 1931–35

School Finances in 1931–32

An analysis of school finance data in 1931–32 indicated that school revenue receipts dropped as a result of the economic conditions prevailing throughout the state. Compared with the previous session, the loss from state sources was approximately $1,125,000, the loss from parish-wide sources exceeded $1,000,000, and the loss from district and ward sources diminished more than $500,000. Thus, total revenue receipts for 1931–32 were reduced by more than $3,000,000 as compared with the previous year. Money received from non-revenue receipts, essentially the sale of bonds for capital outlay, decreased sharply from nearly $2,500,000 to less than $1,000,000. This change clearly indicated that the voting of bond issues for buildings and other improvements had virtually ceased. Exclusive of bank loans the payments for debt service, however, were approximately $300,000 greater than previously due largely to the fact that diminished revenues compelled the parish boards to incur more debt obligations than would have been true under normal conditions. The total costs of approximately $22,000,000 were, in approximate figures, $3,500,000 less than during the preceding session. This cost figure excluded about $1,125,000 of "scrip" issued to teachers, school bus drivers, and others by local school boards and not cashed before June 30, 1932. (Bulletin 248 of the Louisiana State Department of Education, 1932)

Harris, in analyzing the school finance picture in 1931–32, stated:

> What is the remedy, if there is one? We could abolish the high schools, discontinue transportation facilities, eliminate instruction in home economics, agriculture, etc., but I am sure that I voice public sentiment when I state that the people of Louisiana are not willing to organize their school system on such a low plane. The efficient system of schools now in operation came into existence in response to the demands of the public. A system less efficient would not in my judgment be satisfactory to the people of the State. But how can we maintain what we have under present economic conditions? What can be done to guarantee the perpetuation of our school system upon an efficient basis? (Bulletin 248 of the Louisiana State Department of Education, 1932)

Harris's solution to the financial plight of local boards was expressed in terms of the following recommendations:

1. Secure a much larger proportion of school funds from the State.

2. Reduce or eliminate local sources of revenue available to school districts.

3. Provide $4,000,000 annually for the support of the public schools to be distributed upon a per capita or school-educable basis.

4. Place $1,500,000 in the Equalization Fund for the benefit of thirty or thirty-five poorer school districts.

5. Create a State fund of $4,000,000 to be distributed upon the basis of average attendance in the schools throughout the State.

6. Shift taxes from local to State sources.

School Finances in 1932-33

The economic status existing in 1931–32 continued in 1932–33. While the nation was in the midst of a depression, the educational load increased, educational support decreased and outstanding debts of local school districts continued to rise. (Bulletin 266 of the Louisiana State Department of Education, 1933)

In order to remedy the financial plight of local school districts the Louisiana Tax Reform Commission in February, 1933 invited Superintendent Harris to join actively in the preparation of recommendations and plans for an adequate financing program for the public schools of the State. John M. Foote was assigned the task of formulating the program in keeping with the ideas and essential features agreed upon by Superintendent Harris and members of the Commission. Valuable assistance was provided by Superintendent W. B. Prescott of St. Landry Parish. Upon completion the plan was submitted to the members of the Tax Reform Commission and after minor modifications received approval of the group. Following this action, the Commission called into conference local superintendents of education and presidents of parish school boards for the purpose of presenting the proposals and waiting criticisms, suggestions, and approval. The superintendents made many constructive suggestions for improvement and gave approval. The plan, as formulated, appeared in the Third Report of the Louisiana Tax Reform Commission in the early part of September, 1933. (Bulletin 266 of the Louisiana State Department of Education, 1933)

Harris, in Circular 224 of the State Department of Education addressed to parish superintendents and members of parish school boards, made the following comments concerning the action of the Tax Reform Commission:

> I wish to say in general that the Commission's proposed plan for the financing of the public schools is, in my judgment, distinctly the best that

has ever been brought forward in this State and that if enacted into law the public schools of Louisiana will rest upon the best and most equitable financial basis of any state in the Union, so far as I am acquainted with the various systems of public education. The plan is comprehensive in scope; it provides adequately, I think, for the needs of all the parishes; it restores the educational program to the status enjoyed before the years of the depression; it reduces the special maintenance taxes in fifty-nine parishes by an amount of nearly four and one-half million dollars; it provides that state support of public education shall be increased to a minimum of $10,000,000; and it makes provision that the state taxes required to sustain this program shall be in lieu, and not in excess, of the property taxes that are removed. State and local support of the public schools are provided and applied under the two fundamental principles of education everywhere recognized and approved: (a) The principle of equalization on the part of the State, with the view of making certain proper school facilities in the poorer parishes; and (b), the principle of local support and efficiency on the part of the parish. It is within the scope of these two financial policies to maintain for all schools in every locality equal opportunities up to a given level as prescribed by a state minimum program; to raise the funds necessary for this purpose by state and local taxation, adjusted so as to bear on all localities equally in relation to their tax-paying ability; and provision is made for reasonable tax leeway in all of the parishes for the purpose of permitting them to maintain richer educational offerings than is required by the State's minimum program if they so desire.

Louisiana has always acted upon the principle that both the state and the local community, or parish, should contribute to the support of the public schools. The Commission's proposals recognize this important principle in education, but shifts to the shoulders of the State Government a major share of public-school expense and removes from the local taxpayers a corresponding tax burden. In other words, the changes proposed will not only improve the system of school financing, but will serve to relieve in large measure the burden of local school property taxes now levied throughout the State. (Bulletin 266 of the Louisiana State Department of Education, 1933)

The essential features of the Commission's plan were stated briefly as follows:

(1) It provided that the State shall levy and set aside revenues from certain indirect taxes, which would yield several million dollars, with the provision that the aggregate of special local property taxes levied for school maintenance in 1930 shall be reduced by an equivalent amount.

(2) The new state school revenues were to be used to increase the state current school fund and the state equalization fund, and both of these funds were to be apportioned in the same manner now used.

(3) All state school taxes for which provision was made shall be continued, and new and old state school taxes were required to reach a

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minimum of $10,000,000, three-fourths to be distributed to the parishes on the basis of the number of educables, and one-fourth to be placed in the equalizing fund and distributed as the State Board of Education may determine. In order to bring the state support to the required minimum of $10,000,000 present state funds would have to be increased by approximately five to five and a half million dollars.

(4) All parishes were to be required to levy for the support of the schools a constitutional property tax of three mills.

(5) The State Board of Education was required to set up a minimum state school program for current operation, and required this of all of the parishes.

(6) The present maximum parish-wide constitutional maintenance tax of eight mills was to be reduced by one-eighth, or one mill, for each increase in the State's support of $800,000. This was one-eighth of the aggregate of special maintenance taxes levied in 1930.

(7) The right of local special parish tax leeway for maintenance to the extent of one mill in parishes participating in the equalization fund, and two mills in other parishes, was allowed. The purpose of this provision was to enable any parish so desiring to enrich its educational offerings beyond the minimum state program.

(8) The parish-wide three-mill tax and any special taxes permitted under the proposed plan would continue to be levied and imposed upon a basis of 100 percent of the assessed valuation.

(9) The Legislature was required to increase the state school funds to a minimum of $10,000,000 a year to carry the plan into full force and effect. When this had been done, the special maintenance tax rate was not to exceed three mills, and in addition, was not to exceed the number of mills necessary to maintain the difference between the cost of the state minimum program and the average cost of operation in any parish during the three years 1928–1929, 1929–1930, and 1930–1931.

(10) The State Board of Education was given some degree of authority to overlook parish school budgets.

(11) The State Board of Education was given greater authority over the school census.

(12) State school funds were to be segregated and placed in separate bank accounts, and were to be apportioned to parish school boards monthly.

(13) Parish school boards with debts against current operations were

authorized to submit to the people at an election called for the purpose the question of imposing an additional levy of not more than three mills for the purpose of raising funds to liquidate such indebtedness.

(14) The plan provided for support from regular state and parish sources and from special local taxes the sum of $17,059,886.00. This amount was two hundred thousand dollars in excess of the average cost of current operations during the three best years the schools had ever enjoyed, and it was approximately equal to the best single year the schools had ever had. It should be clear, therefore, that it was the purpose of the Commission to restore public school support to its former status before the breakdown in economic conditions. (Bulletin 266 of the Louisiana State Department of Education, 1933)

School Finances in 1933-35

Amendment No. 6. Two amendments relating to the financing of public education in Louisiana were voted favorably by the people. The first appeared on the ballot as Amendment No. 6 and related to the sources and uses of parish school funds and fixed upper limits for special taxes for maintenance. Specifically, Amendment No. 6 provided as follows:

1. Continued the then existing three-mill ad valorem tax at the local level.

2. Continued the existing severance tax and minor sources of revenue.

3. Reduced the number of mills of special maintenance taxes which may be voted by the people for the support of the public schools by fixing eight mills as the maximum and required that this maximum be further reduced by one mill for each increase in State support of $800,000.

4. Required that all parishes operate schools upon a parish-wide financial basis by placing all funds received from parish and State sources for general maintenance in one fund.

5. Required that the Legislature shall proceed to levy and collect such additional State taxes as were necessary to increase the State school fund apportioned annually to the parishes to the sum of not less than $10,000,000.

6. Placed all authority for the levy of local school taxes in the hands of the parish school board thus removing the last vestige of financial control and influence exercised by the police jury. (Bulletin 288 of the Louisiana State Department of Education, 1935)

Amendment No. 7. The second amendment, commonly referred to as No. 7, stipulated the following:

1. Provided a continuation of existing taxes for education which were yielding approximately $6,000,000 per year.

2. Provided a mandate which stated that "the Legislature must and shall provide by an appropriate tax levy a minimum State Public School Fund of not less than $10,000,000 per annum."

3. Related to the apportionment of State funds to the several parishes and provided that three-fourths of the fund shall be distributed on the basis of the number of educables six to eighteen years of age in each parish and one-fourth shall be apportioned by the State Board of Education to the poorer parishes on the bases of equalization so as to provide and insure the maintenance of a minimum educational program.

4. Provided that until the State Public School Fund reached $10,000,000, the fractional apportionment was to continue at the former five-sixths and one-sixth basis as formerly stipulated.

5. Required the State Board of Education to provide a State minimum educational program for the common public schools.

6. Stipulated that the State school funds "shall be segregated and kept in separate bank accounts" and that such funds shall be apportioned to the parishes in twelve equal monthly payments. (Bulletin 288 of the Louisiana State Department of Education, 1935)

Importance of Amendments No. 6 and No. 7. Amendments No. 6 and No. 7 were intended to serve the following purposes:

1. Effect marked reductions in local property taxes for schools.

2. Increase State support by an amount equal to the reduction in local support.

3. Shift the greater part of the financial burden from the parishes to the broader shoulders of the State.

4. Provide a State minimum program for all parish schools.

5. Provide equal facilities throughout the State.

6. Provide a more equitable and modern basis for apportioning State school money.

(Bulletin 288 of the Louisiana State Department of Education, 1935)

National Survey of School Finance. A statement of the principles and procedures involved in the Louisiana program was presented in the publication "State Support for Public Education" by Paul R. Mort. This report was published by the American Council of Education in Washington, D.C. in 1933, and this publication was the principal volume of the National Survey of School Finance made under the auspices of the Office of Education. Some of the outstanding features presented in the report were:

1. The greater part of the cost of operating the schools was borne by the State instead of the local parish. The proportion in 1933–34 was approximately 55 percent State and 45 percent parish. Thus, the burden of support was shifted from local to State sources.

2. The greater part of the State money was derived from new sources of taxation which included taxes on liquor, personal and corporate income, public utilities, natural resources (severance) and tobacco. A statewide 2.5 mill ad valorem tax dedicated to public education was retained.

3. Local property taxes were relieved predicated upon different increases in State support. The maximum allowable tax rate was reduced to 8 mills and was further reduced to 5 mills the following year (1935).

4. All separation in State school funds apportioned to the parishes for aid was abandoned and in lieu thereof one fund known as the Public School Fund was provided and apportioned on the basis of a ratio of five-sixths on educable children and one-sixth on the basis of equalization. As soon as the State School Fund reached the sum of $10,000,000 the apportionment basis was changed to a three-fourths and one-fourth basis, thus giving the State $2,500,000 to be apportioned on the basis of equalization. The increase in the amount apportioned on the basis of equalization was the keystone of the refinancing plan which made possible the maintenance of an adequate state minimum program and a heavy reduction in local special property taxes.

5. For many years local school systems had been administered on a parish-wide basis. Under this organizational pattern, parish school boards and parish superintendents had entire charge of the schools. No district boards or committees were to exist.

6. Up to the adoption of the recent amendments, parish school boards were authorized to organize or sub-divide the parish into districts for the purpose of levying special district taxes for current operation. Such district taxes were levied in a number of local school systems. How-

ever, this procedure was no longer followed as all support was on a parish-wide basis. This action did not apply to the organization of special districts for voting bond issues for capital outlay as buildings were still financed on a district basis. However, levying of the tax, handling the money, and constructing the bills were still vested in the hands of the local school board. (Bulletin 288 of the Louisiana State Department of Education, 1935)

New Tax Laws Affecting Public Schools

The Property Tax Relief Fund. By Act 54 of the Regular Session of 1934, the Property Tax Relief Fund was created. The proceeds of the following five taxes were placed to the credit of this fund for the purpose of tax relief of homesteads and for the support of public schools:

1. Act 21 of 1934 provided an Income Tax on the net income of individuals and corporations. The rates imposed were: Individuals: 2 percent on the first $10,000, 4 percent on the next $40,000, and 6 percent on income in excess of $50,000; Corporations: 4 percent on net income in excess of $3,000.

2. Act 13 of 1934 provided a Public Utilities Tax of 2 percent of the gross receipts of public utilities. A public utility was defined as "horse, gas, gasoline, steam railroads and railways, sleeping cars, and motor bus lines operating more than ten miles beyond the corporate limits of any municipality, motor freight lines, express companies, and pipe lines for the transportation of oil for hire."

3. Act 23 of 1934 imposed a Newspaper and Picture Show Advertising Tax of 2 percent on gross advertising receipts in newspapers of more than 20,000 weekly circulation and gross advertising displayed by motion pictures.

4. Act 24 of 1934 levied a tax on Sale of Cotton Futures at the rate of two cents on each $100 future transaction on the New Orleans Cotton Exchange.

5. Act 15 of 1934 imposed an Alcoholic Beverage Tax. The following rates were levied: liquors, fifty cents per gallon; sparkling wines, fifty cents per gallon; still wines, from five cents to fifty cents per gallon according to percentage of alcohol; beer of alcoholic content of 6 per cent or more, $1.50 per barrel. Beer of alcoholic content of less than 6 per cent was taxed by Act 2 of the Extra Session of 1933 at $1 per barrel with the proceeds placed in the State General Fund.

The money received in the Property Tax Relief Fund was allocated to cover the exemption of homesteads from taxation and to the State

Public School Fund. Any surplus remaining after the State Public School Fund was raised to $10,000,000, and all local and State political subdivisions were reimbursed for revenue losses resulting from the exemption of homesteads from State and local property taxes up to an assessed valuation of $2,000, was allocated for the redemption of outstanding parish and district road bonds in the State.

The schools' share of the Property Tax Relief Fund was placed in the State Public School Fund which was increased to a minimum of $10,000,000. This amount was apportioned on a per educable and equalization fund basis in accordance with the provisions of Section 14 of Article XII of the Constitution as amended. (Bulletin 288 of the Louisiana State Department of Education, 1935)

Tax exemption of homesteads. Act 78 of the Regular Session of 1934 amended Section 4 of Article X of the Constitution of 1921 and provided for the exemption from taxation of homesteads to the value of $2,000. According to an opinion written by the Attorney General of Louisiana addressed to the Louisiana Tax Commission dated March 31, 1935, a homestead was required to satisfy the following general requirements, all of which must occur:

1. The property claimed as a homestead must be a bona fide homestead.

2. The homestead must consist of lands not exceeding 160 acres and buildings and appurtenances.

3. The homestead must be either:
   (a) Rural, or that located in the country as distinguished from a city, town or village, or
   (b) Urban, or that located in a city, town or village.

4. The homestead must be owned and occupied by the person claiming the exemption.

5. The owner claiming the exemption of a homestead must be the head of a family, or a person having a mother or father or a person or persons dependent on him or her for support.

6. The value of the homestead exemption may not exceed $2,000 of assessed value. (Bulletin 288 of the Louisiana State Department of Education, 1935)

Tax laws enacted in 1932 and 1933 and amended in 1934. The proceeds from the following five taxes were placed to the credit of the

State General Fund from which the sum of $1,500,000 was appropriated annually for the support of the public schools:

1. A Cigar, Cigarette and Smoking Tobacco Tax was imposed by Act 4 of 1932 and was amended by Act 52 of 1934 to increase the rates.

2. A Soft Drinks Tax was imposed by Act 5 of 1932 and was repealed by Act 36 of 1934.

3. A Corporation Franchise Tax, levied by Act 8 of 1932, was amended by Act 18 of 1934 to increase the rates and further amended by Act 25 of the Extra Session of 1934 to further increase the rates.

4. An Insurance Tax was imposed by Act 7 of 1932 and was amended by Act 20 of 1934 to increase the rates on life insurance and casualty companies. The tax was collected by the Secretary of State and placed to the credit of the State General Fund. The proceeds, up to $1,000,000 annually, were dedicated to the support of Louisiana State University beginning July 1, 1934.

5. A Power Tax of 2 percent on the gross receipts of the sales of electricity in the State and on the manufacture of electricity in the State and sold in other states was imposed by Act 6 of 1932.

In addition to these taxes the following taxes were enacted prior to 1934:

Act 2 of the Extra Session of 1933 imposed a tax of $1 per barrel on beer, ale, and light wines. The Alcoholic Beverage Tax of 1934, as indicated previously, imposed a tax on beer of alcoholic content of 6 percent or more at $1.50 per barrel. Since the greater part of the beer sold in Louisiana was less than 6 percent alcohol, the lesser rate prevailed, and the proceeds were channeled into the General Fund rather than the Property Tax Relief Fund as was the case if the tax was collected as an "alcoholic beverage tax."

The Chain Store Tax, levied by Act 19 of 1932, was amended by Act 51 of 1934 in order to place a tax on chain stores graduated according to the number of stores in the chain. The Chain Store Tax was collected by the Tax Collector in the parish in which the chain store was located and was remitted by him to the State Supervisor of Public Accounts. The funds were distributed to the parishes in which the chain stores were located on the basis of population in the parishes having chain stores. The amounts received were used for the following purposes:

(1) The liquidation of any outstanding road or school bonds in the

parish, or any other bonded indebtedness which was payable from a tax levied on property.

(2) The support of public schools in the parish if it had no bonded indebtedness.

The Severance Tax, originally levied in 1920, was amended and reenacted in 1922, 1926, 1928, 1932 and 1934 as a tax on natural resources severed from the soil and water excluding agricultural products. After returning one-fifth of the proceeds of the Severance Tax to parishes of origin, the remaining revenue was placed in the Severance Tax Fund. The tax was first levied on the basis of value, however, in 1928 the basis for minerals was changed to quantity and quality. In 1934, revenue derived from this tax, excepting small amounts, was dedicated to paying the cost of the free textbooks program with the remainder transferred to the State Public School Fund.

A tax levied in 1928 for the privilege of manufacturing carbon black was repealed by Act 42 of 1932 as was the Malt Tax, levied in 1930 but repealed in 1934 as this source of revenue proved to be unsatisfactory. (Bulletin 288 of the Louisiana State Department of Education, 1935)

School Finances in 1934-35

Estimated receipts from State sources, 1934-35. Immediately following the Regular Session of the Legislature in 1934–35 an estimate was prepared of the probable school revenues from State sources for 1934–35. Two estimates were prepared the first labeled liberal and the second labeled conservative. School officials were urged to accept the conservative estimate in preparing school board budgets. The conservative estimate follows in Table 8.

In addition to the financial estimate, a letter from Superintendent Harris addressed to local school officials, concerning the 1934 legislative program stated:

> The Legislature passed almost unanimously a legislative act and two proposed constitutional amendments setting up a financing system for the public schools of the State. Stated briefly, the plan shifts the major portion of the burden of school support to the State and leaves a minimum portion to the parishes. When this machinery is in full operation, a minimum educational program will be guaranteed even the poorest parishes, which means a school term of nine months for all children and a living wage for teachers and other school-board employees. Ample leeway is given for the financing of the school system in any parish on a scale as much better than the minimum program guaranteed as the school officials and people may desire. The machinery is excellent. I know of no state that has provided better.

TABLE 8

Estimated Receipts From State Sources, 1934-35

Item		Probable Revenue
I. State Public School Fund		
1. 2¼ mill tax		
a. Balance due Current School Fund	$ 1,086,335	
b. 1934-35 revenue	2,600,000	
c. Probable back tax collections	500,000	$ 4,186,335
2. Severance tax		
a. Severance taxes to be transferred	$ 470,405	
b. Balance transferred from textbook appropriation	239,445	
c. Severance taxes and balance in textbook appropriation	700,000	1,409,850
3. Appropriation from General Fund (80%)		1,200,000
4. Half cent gasoline tax		850,000
5. Property Tax Relief Fund ($3.50 out of $10.25)		
a. Income tax		
b. Advertising tax		
c. Alcoholic beverage tax		
d. Tax on sale of cotton futures		
e. Public utility tax		1,750,000
Total probable revenues for the Public School Fund		$ 9,396,185
II. Free Textbook Fund (Severance tax)		550,000
III. Free School Fund		
1. Interest on lands sold before 1880	$ 38,000	
2. Interest on lands sold after 1880	78,000	116,000
IV. Federal Vocational Board (U. S. Dep't of Interior)		125,000
V. Special Funds		
1. General Education Board	$ 3,000	
2. Rosenwald Fund	2,000	
3. Slater Fund	10,000	15,000
VI. Other sources		2,000
Total		$10,204,185

(Bulletin 288 of the Louisiana State Department of Education, 1935)

There were discussion and criticism of an agreement to the effect that the schools and the homes should be placed upon a parity in the Property Tax Relief Fund, each sharing in any funds that may be paid into that account according to their needs. The criticism was to the effect that the Tax Reform Commission had recommended that the schools be paid in full first before any payments should be made to Home Exemptions. I wish to say that I proposed the arrangement that these two interests be placed on a parity. I believed then, and I believe now, that this was the proper course to pursue. Schools are no more important than homes. We want both. We want the poor home owners to be placed in a position to save their homes and not have them go to the State for taxes. And, at the same time, we want good schools for the children of these homes and all other homes. The arrangement agreed upon, and it is now a part of the law, takes care of both of these interests, placing neither ahead of the other. I think that this was the correct solution of the problem and that provision should have been in the bill originally.

The Legislature has provided generously for the public schools. We are practically in sight now of the ten-million dollar State School Fund

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required by the minimum school program. I am surprised, but very much delighted, that the Legislature was able to do such a splendid part by public education. For the very much improved public-school conditions which have been provided, I wish to make public acknowledgment to the Tax Reform Commission, the Legislature, school officials, and teachers who aided, and especially Senator Huey P. Long and Governor O. K. Allen for their able and patriotic leadership, except for which the program would never have been realized.

The new school machinery set up by the Legislature is not yet in operation, but I suggest that you act as if it were to the extent of your ability. For instance: We seem to be safe in assuming that approximately $1,750,000.00 of new money for the schools will become available during the session. The new school machinery provides that every time there is an increase of $800,000 in the State School Fund, there shall be a local decrease of one mill in the Special Maintenance Taxes. You will know by January 1 when taxes are paid whether or not the people have approved the school machinery. I suggest that you do not wait for that date to announce a reduction of two mills in your Special Maintenance Taxes if you find that you are in position to do so. (The school plan does not require a reduction in special taxes below the point of three mills.)

Several school officials have asked me recently the following questions:

1. If it should be necessary to hold a special school tax election, would home owners whose assessment is $2,000 or less vote in such election? They would, and their assessments would be counted in the final results the same as if they were more than $2,000 each.

2. Are the schools not losing a great deal of school taxes on account of the $2,000 home exemption? They are losing nothing. As a matter of fact they are gaining. These assessments stay on the assessment roll, and the schools and other parish taxing bodies will be reimbursed out of the State Property Tax Relief Fund for what they lose on account of the exemption to these home owners. In other words, the taxes on all such homes will be paid when formerly 100% was never paid. If the Property Tax Relief Fund should not be large enough to provide the reimbursement in full, then home owners will be required to pay the balance.

I think that our prospects are reasonably bright, and it looks now as if we shall not have to call upon the Federal Government to aid in any of the parishes. But if for any reasons the funds should be short in any parish, we shall go to the Federal Government as we did last session with a request for the money necessary to finance a term of normal length. (Bulletin 288 of the Louisiana State Department of Education, 1935)

State Equalization Fund in 1934-35. The general plan of procedure of the Equalization Fund for 1934-35 was similar to that of preceding years. However, as the amounts available for distribution under the per educable and equalization accounts were much greater than in prior years, the State Minimum Program which all local school systems were

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expected to maintain, was increased. It was observed that the increase in the cost of the several elements composing the program was not parallel with the increase in state school funds. Two reasons accounted for the difference. First, the rapid decline in assessments in the past four years with corresponding losses in local revenue; and second, the reduction in the special tax rate allowed under the terms of the revised school laws. However, the increase in the State Public School Fund, particularly that portion used for equalization, more than offset the loss in local funds. This increase permitted the state to provide and maintain a higher minimum program.

TABLE 9

State Minimum Program, 1934-35

A. Cost
   1. Teachers: White—$950. Session of nine months.
      Negro—$350. Session of six months.
   2. Supervision: White—$900–$1,800 per supervisor (one-half to full term)
      Negro—$500–$1,000 per supervisor (one-half to full term)
   3. Transportation: $12 per child transported.
   4. Other Cost: $2 per pupil of average daily attendance in white and black schools.
   5. Total Cost: Sum of four items applied.

B. Support
   1. Per educable distribution: $12 per educable child.
   2. Parish 3-mill Tax: Assessment x 3 mills less 10 percent.
   3. Severance Tax: Return to parish of origin and pro-rated among local sub-divisions.
   4. Other Minor Sources:
      a. Federal Vocational Board
      b. Sixteenth Section Land Fund
      c. Court fines and forfeitures
      d. Rent or lease of school lands
      e. Tuition from other local school systems
      f. Miscellaneous sources
   5. Total Support: Sum of four items applied

C. Difference Necessary to Equalize
   1. In the event the support exceeded the cost, there was no need for equalization aid.
   2. In the event the support was less than the cost, there was need for participation in the Equalization Fund.

(Bulletin 288 of the Louisiana State Department of Education, 1935)

Minimum requirements. Strict compliance with certain elements in the State Minimum Program had been waived during the previous two school sessions. For example, a local school system unable to operate for a full session of nine months suffered no deduction from the amount necessary to equalize. Likewise, the requirement that the average salary of teachers must not fall below the salary provided was waived. The requirement that the parish maintain the required pupil-teacher ratio was maintained. Any local school system which failed to employ the minimum number was reduced. The reasons for not exacting the minimum requirements were well known. Due to the economic depression, many of the parishes were in debt, suffered heavy reductions in revenue and were forced to reduce the length of the school term and sharply reduce the salaries of teachers. However, conditions in 1934–35 were improved. Much of the debt burden had been relieved, the State Public School Fund had been increased, and the equalization fund had been increased. Further, it appeared that the rapid decline in local assessments had decreased, and local revenues were expected to be more stable than in the previous three years. These changes in school finances enabled the state to provide a reasonably satisfactory minimum program. The parishes were expected to maintain the cost level of each element of the minimum program with the following exceptions:

1. The salary of white teachers was not allowed to fall below an average of $800, instead of $950. Furthermore, the length of the school term was not allowed to be less than nine months. The salary of Negro teachers was not allowed to fall below an average of $300, instead of $350. In addition, the length of the school session was not permitted to be less than six months.

2. The salary paid to supervisors of instruction in parishes employing supervisors was not allowed to be less than $1,000 or $1,800 depending upon race. In terms of a half year employment the salary range was $500 or $900 depending upon race.

This element had been added to the State Minimum Program in 1934–35. Justification for this action was based upon general acceptance of the importance of and need for supervision as a desirable school service essential to securing the best results in the classroom. As the state was to fund a substantial cost of the program, parish and city school systems were invited to inaugurate a program for the supervision of instruction beginning January 1, 1935.

3. Minimum requirements on other elements in the state program, including transportation, general control, operation, maintenance, and fixed charges were waived.

All participating local school systems were requested to compare present salary schedules and length of sessions for white and Negro schools with the state requirements. (Bulletin 288 of the Louisiana State Department of Education, 1935)

Schedule of pupil-teacher ratios. The pupil-teacher ratio used in determining teacher allotments was presented in Table 10.

TABLE 10

Schedule of Pupil-Teacher Ratios, 1934-35

Number Schools	Size as Measured by Number Teachers	Average Daily Attendance*	Median Number Pupils Per Teacher, Or Pupil-Teacher Ratio	Smoothed Pupil-Teacher Ratio	Range of Attendance
1	2	3	4	5	6
[illegible]	1	20	20.1	20	10—30
216	2	42	20.5	21	31—53
125	3	66	22.6	22	54—78
83	4	92	23.7	23	79—105
40	5	120	24.6	24	106—131
34	6	144	24.0	24	132—155
49	7	168	23.8	24	156—183
37	8	200	25.1	25	184—212
48	9	225	25.8	25	213—242
46	10	260	25.5	25	243—272
43	11	286	26.1	26	273—304
34	12	324	26.7	27	305—337
31	13	351	26.6	27	338—370
25	14	392	28.8	28	371—413
27	15	435	28.7	29	414—456
22	16	480	30.0	30	457—503

The data upon which this schedule is based are found in the Annual Statistical Reports of the Parish Superintendents for the session 1931–32. The name, number of teachers employed, and average attendance of each school in the State were reported by each parish. The schedule applies to all schools equally except those separately organized for high-school and elementary work whose average attendance is more than 120 pupils, in which cases the pupil-teacher ratio shall be 30 to 1, an additional teacher being allotted for any major fractional part of 30.

*58 schools having from 17 to 40 teachers have an average attendance of 31.5 pupils per teacher.

Comparison of State Equalization Fund Distributions from 1930-31 to 1934-35

Comparisons of the cost and support items were presented in Tables 11 and 12. In addition, the amount of state funds involved was determined and presented in Table 13.

TABLE 11

Comparison of Cost Items Defined in the State Equalization Formula, 1931–35

Cost Items	1930–31		1931–32		1932–33		1933–34		1934–35	
	Per	Total	Per	Total	Per	Total	Per	Total	Per	Total
White teachers allotted and employed	$800	$7,009,600	$800	$7,054,400	$800	$7,153,600	$725	$6,564,875	$950	$8,590,850
Negro teachers allotted and employed	$300	910,200	$300	939,000	$300	975,000	$250	849,500	$350	1,204,700
Transportation	ADA X $10.00	728,230	ADA X $10.00	796,640	ADA X $10.00	878,130	ADA X $9.00	853,425	ADA X $12.00	1,154,616
Tuition paid to other school systems	.....	.....	.....	58,184	.....	74,205	.....	37,081	.....	37,248
Supervision	.....	.....	.....	.....	.....	.....	.....	.....	W— $1,800 B— $1,000	88,300
Other costs	ADA X $2.00	699,188	ADA X $1.50	538,936	ADA X $2.00	740,448	ADA X $2.00	756,834	ADA X $3.00	1,144,023
Total Cost		$9,347,218		$9,386,980		$9,791,383		$9,061,715		$12,219,737

SOURCE: Annual Reports of the Louisiana State Department of Education for the years indicated.

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TABLE 12

Comparison of Support Items Defined in the State Equalization Formula, 1931-35

Support Items	1930–31	1931–32	1932–33	1933–34	1934–35
Per Educable Distribution		$8.50 $ 4,973,768	$8.50 $ 5,636,937	$8.00 $ 5,305,352	$12.00 $7,958,028
Federal Vocational Board		87,988	134,100	121,822	119,382
Sixteenth Section Land Fund		115,825	115,875	115,880	115,912
Parish 3-Mill Tax (Assessment X 3 Mills less 10 percent		6,571,118	4,284,210	4,075,476	4,273,489
Poll Tax		423,446	425,082	353,948	.....
Fines and forfeitures		121,173	94,642	54,204	109,575
Rent or lease of school lands		70,591	56,936	41,168	85,412
Tuition from other local school systems		54,000	45,403	37,630	40,881
Severance tax		239,109	186,455	152,180	237,161
Other receipts			6,797	3,033	3,816
Total Support	$10,637,287[1]	$12,657,018	$10,985,897	$10,260,693	$12,943,656

[1]Reported as follows: State Sources = $5,177,505; Local Sources = $5,459,782
SOURCE: Annual Reports of the Louisiana State Department of Education for the years indicated.

TABLE 13

Comparison of Amounts Necessary to Equalize, 1931-35

Item	1930–31	1931–32	1932–33	1933–34	1934–35
Cost of Minimum Program	$ 9,347,218	$ 9,386,980	$ 9,791,383	$ 9,061,715	$12,219,737
Support for Minimum Program	10,637,287	12,657,018	10,985,897	10,260,693	12,943,656
Difference Necessary to Equalize	1,021,918	1,169,379	1,142,613	1,070,717	1,534,580
Deductions		145,776[2]	176,829[2]	121,654[2]	128,900[2]
Net Amount Apportioned	$ 360,712[1]	$ 1,023,603	$ 965,784	$ 949,063	$ 1,441,702
Number of Local School Systems Participating in Equalization	35	34	32	32	36

[1]Amount distributed in last half of session. The sum of $510,959 was expected to be available for distribution.
[2]Deductions from the amount necessary to equalize were made when parishes failed to provide the facilities required in the minimum program.
SOURCE: Annual Reports of the Louisiana State Department of Education for the years indicated.

CHAPTER 10

THE MINIMUM FOUNDATION PROGRAM 1935-75

Changes in the Equalization Formula, 1935-47

In the period 1935–1947 several changes were incorporated in the cost and support elements of the Equalization Formula. Some of the more significant changes were:

1. Increasing the base salary allocation for teachers allotted and employed in terms of the following amounts in 1947:
   a. White teachers: $2,250 per teacher allotted and employed
   b. Negro teachers: $1,850 per teacher allotted and employed

2. Increasing the base salary allocation for supervisors of instruction allotted and employed in terms of the following amounts in 1947:
   a. White supervisors: $3,800 per supervisor
   b. Negro supervisors: $2,400 per supervisor
   c. A limit of two supervisors were allocated per race.

3. Including a base salary allocation for visiting teachers allotted and employed in terms of the following amounts in 1947:
   a. One visiting teacher allocated per local school system at a salary reimbursement of $3,600.

4. Each local school system was allowed an extra teacher for enrichment purposes at a salary reimbursement of $2,400.

5. The transportation allotment was determined on the following schedule in 1947:
   a. An allotment to cover the area of pupil transportation was made. For purposes of this determination, "transportation area" was defined as the number of miles traversed by buses in the local school system at the rate of $40 per mile for paved roads, $50 per mile for graveled roads, and $60 per mile for dirt roads or water.
   b. An allotment of $18.50 per pupil transported based on the average daily attendance was utilized to determine an additional transportation cost.
   c. The amount of the allotment determined on the basis of highway miles traveled plus the allotment based upon the average daily attendance of pupils transported represented the total allotment for transportation.

6. The allotment for other costs was based upon the number of teachers allotted and employed in a local school system. The following schedule was used for allotting other costs:

a. First 99 teachers @ $585
b. 100–199 teachers @ $450
c. Over 200 teachers @ $410
d. In computing the number of teachers, the number of white teachers allotted and employed was used plus three-fourths of the number of Negro teachers allotted and employed.

7. Increasing the amount distributed on a per educable basis to $41.78 per educable in 1948.

8. Increasing the amount distributed to local school systems on an equalization basis. (Annual Reports of the Louisiana State Department of Education)

The State Minimum Salary Schedule for Teachers and a Significant Louisiana State Supreme Court Decision

A study of teachers' salaries prior to 1948 indicated wide variations among the local school districts in the State. In an effort to relieve this condition a law was enacted by the State legislature in the 1948 Regular Session which officially provided Louisiana with the first statewide minimum salary schedule for teachers. The sum of $8,000,000 was appropriated to implement the schedule. However, the Orleans Parish School Board questioned the method proposed by the State Board of Education to distribute the funds to implement the schedule. The Orleans Parish School System contended that the district was excluded from receiving any portion of the fund by virtue of paying a schedule which exceeded the minimums stipulated by the Legislature.

The Louisiana Supreme Court, on May 9, 1949, lifted restrictions on the distribution of the special $8,000,000, and thus guaranteed the implementation of the minimum salary schedule on a statewide basis. The State's highest court thus reversed a Baton Rouge District Court decision which had favored the Orleans Parish School Board.

In its sweeping decision, the State Supreme Court gave the following interpretation to the constitutional provision involved:

> The Legislature is required to disburse in accordance with the prescribed three-fourths and one-fourth formula only $10,000,000 per annum, and it may pay out and distribute for public school purposes, but solely for those purposes, any excess of that sum in such a manner as it deems advisable. (Article in *Louisiana Schools* concerned with the decision of the Court)

The following is an editorial comment in a Baton Rouge newspaper reflecting the views held by the members of the State Supreme Court in rendering their important decision. (*State-Times*, May 9, 1949)

> An old saying that "the law is what the courts say it is" is well illustrated in the decision of the State Supreme Court yesterday holding that the Legislature has the authority to distribute the $8,000,000 school salary fund in any way that it may determine.
>
> The people of the state in the November general election rejected a proposed amendment to the Constitution to give this power to state officials, but we now find that what the people said they didn't want they have anyway.
>
> Justice Joe B. Hamiter, of Shreveport, writing the majority opinion, decided that Section 14 of Article XII of the Constitution can be interpreted in two ways.
>
> One way is that three-fourths of the school funds shall be distributed to the parishes in the proportion of the number of educable children between the ages of 6 and 18 years and one-fourth by the State Board of Education on the basis of the needs of the various parishes.
>
> The other method is that a minimum of $10,000,000 shall be distributed on the above basis with the remainder being distributed as the Legislature may determine. After setting up the distribution as above outlined the Constitution says "the following funds are recognized to be therefor and shall be distributed and paid out to the several parishes, under the authority and jurisdiction of the State Board of Education, and in accordance with the terms of the law source thereof, to wit: "_____ and then lists the interest on the proceeds of lands granted by the government to the parishes, bequests to the state, vocational training, and all such other educational funds as the Legislature may provide or as may be otherwise received for educational purposes."
>
> Justice Hamiter, a good lawyer, chose the latter method. Justice E. Howard McCaleb, another splendid lawyer, chose the former. Four other justices of the Supreme Court sustained Justice Hamiter. So that is now the law and this despite the fact that the voters of the state rejected the proposed law in the November elections.

The Orleans Parish School Board, faced with the possibility of losing $800,000 made one last effort to gain the decision by appealing for a rehearing before the Louisiana Supreme Court. After the Court ruled that the State Board of Education could continue its plan for distributing the special $8,000,000, R. Emmet Mahoney, School Board Member from Orleans Parish, stated: "To seek a rehearing is as far as we can go. There is no recourse in the federal courts." (New Orleans *States*, May 11, 1949)

Needless to say that after a rehearing had been granted the decision of the Supreme Court was not altered. As a result, the State Board of Education was free to distribute the special $8,000,000 fund as it had

originally planned. By this formula Orleans Parish would not have received any share of the special fund but at its May 14, 1949 meeting, the State Board of Education amended the formula to allow the Orleans Parish School Board to receive $167,500. The reason given was that the Orleans Parish School Board for the last three years had been forced to pay materially higher salaries to Negro teachers than the other parishes in the state in general and for that reason they had to draw on their maintenance and other funds to do it.

The consequence of the decision added a new distribution made by the State Board of Education to local school districts. In addition to the per educable and equalization distribution, the teachers' salary fund distribution was made.

The State Minimum Salary Schedule for School Bus Drivers

Act 74 of the 1954 Regular Session of the State Legislature authorized and directed the Louisiana State Board of Education to establish and maintain a minimum salary schedule to pay school bus drivers in the public school system of the State. Implementation of the schedule was indicated in 1954–55. An appropriation was made available by the legislature for this purpose. The schedule was predicated upon size of bus body and miles traveled one way. The provision of this schedule and the subsequent appropriation created another distribution made by the State Board of Education to local school districts; namely, the bus drivers' salary fund distribution. The addition of this distribution brought to four the number of distributions made by the State Board of Education to local school districts for the day-by-day operation of schools. (Acts of the State of Louisiana, Regular Session, 1954)

Comparison of State Equalization Fund Distributions from 1952 to 1956

In Tables 14, 15 and 16 data have been presented which indicate the changes in the cost and support items in addition to the amount distributed through the Equalization Formula during the period 1952–1956.

TABLE 14

Comparison of Cost Items Defined In the State Equalization Formula, 1952–56

Cost Items	1951–52	1952–53	1953–54	1954–55	1955–56
1. White teachers allotted and employed	Number X $2,046.50	Number X $2,245.64	Number X $2,259.15		
2. Negro teachers allotted and employed	Number X $1,646.50	Number X $1,845.64	Number X $1,859.15		
3. Teachers allotted and employed				Number X $2,646.32	Number X $2,700.00
4. Supervision, White	Number X $3,800.00	Number X $3,800.00	Number X $3,800.00	Number X $4,000.00	Number X $4,000.00
5. Supervision, Negro	Number X $3,000.00	Number X $3,000.00	Number X $3,000.00	Number X $4,000.00	Number X $4,000.00
6. Supervision					

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7. Visiting teacher	one @ $3,600.00	one @ $3,600.00	one @ $3,600.00	one @ $4,000.00	one @ $4,000.00
8. Extra teacher for enrichment	one @ $2,400.00	one @ $2,400.00	one @ $2,400.00		
9. Transportation	Per pupil and type of road	Per pupil and type of road	Per pupil and type of road	Per pupil and type of road	Per pupil and type of road
10. Tuition	Actual	Actual	Actual	Actual	Actual
11. Other costs	Per ADA	Per ADA	Per ADA	Per ADA	Per ADA

SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

TABLE 15

Comparison of Support Items Defined in the State Equalization Formula, 1952-56

Support Items	1951–52	1952–53	1953–54	1954–55	1955–56
1. Per educable distribution	$40.80 per educable	$44.40 per educable	$44.40 per educable	$48.00 per educable	$48.94522 per educable
2. Constitutional tax	3 Mills	3 Mills	3 Mills	3 Mills	3 Mills
3. Rent or lease of school lands	Actual	Actual	Actual	Actual	Actual
4. Tuition received	Actual	Actual	Actual	Actual	Actual
5. Court fines and forfeitures	Actual	Actual	Actual	Actual	Actual
6. Severance tax return	School board's share	School board's share	School board's share	School board's share	School board's share
7. Teachers' salary fund				⅓ of 1953–54 distribution	⅓ of 1954–55 distribution
8. Bus drivers' salary fund				⅓ of 1954–55 distribution	⅓ of 1955–56 distribution

SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

TABLE 16

Comparison of Amounts Necessary to Equalize, 1952-56

Year	Cost	Support	Difference Necessary to Equalize
1951–52	$45,957,565[1]	$40,436,739	$ 9,680,593
1952–53	50,934,491	44,102,063	10,756,247
1953–54	53,365,773	45,951,179	11,147,834
1954–55	65,193,215[2]	56,500,162	12,356,976
1955–56	73,789,341[3]	63,305,923	13,046,838

[1]Decreased by .199043 percent
[2]Decreased by .656936 percent
[3]Increased by .054535253 percent
SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

Summary of Basic Distributions of State Funds, 1930–56

In the following chart, the number of distributions of state funds by the State Board of Education to local school districts for current operation has been outlined:

Summary of Basic Distributions of State Funds, 1930–56

Prior to 1930	1930–1947	1948–1954	1955–1956
1. Per Educable	1. Per Educable 2. Equalization	1. Per Educable 2. Equalization 3. Teachers' Salary Fund	1. Per Educable 2. Equalization 3. Teachers' Salary Fund 4. Bus Drivers' Salary Fund

The 1956 Changes in the Equalization Formula

In May, 1956, the State Board of Education adopted a new plan for distributing equalization funds. A special committee, appointed by the State Board of Education and comprised of superintendents from various parishes, met on numerous occasions before formulating final recommendations for consideration by the State Board of Education. Popularly known as the 25-Man Superintendents Committee, this group made recommendations that resulted in a complete overhaul of the Minimum Foundation Program. With the exception of a few modifications, the

program as revised in 1956 represented the program in operation until 1963. The changes recommended by parish superintendents and adopted by the State Board of Education were incorporated in the Equalization Formula for 1956–57. Some significant changes in the new formula were:

1. It reduced the number of distributions (basic) from the State to the parishes from four to two.
2. It broadened the program by making average daily membership, rather than average daily attendance, the basis for allocating teachers.
3. Special emphasis was placed on the role of the principal, and recognition was given to teachers of vocational subjects and special-area subjects.
4. Consideration was made of the amounts retained by assessors and sheriffs for assessing and collecting ad valorem taxes by utilizing net collections of the 5-mill tax rather than gross collections.
5. Recognition of the special problems of large urban systems was given by provision of special formulas for allocating supervisors and visiting teachers.
6. Basically, the formula to some extent ceased to be an equalization formula or a "minimum foundation program" because, beginning with 1956–57, all parish and city school systems participated in the equalization distribution, as compared with 57 participating in the previous year, before the changes were enacted.
7. The many salary schedules for teachers which had been in effect were discarded, and every school system received funds on the same basis provided by the state minimum salary schedule.
8. The use of 1954 as a "base year" for determining transportation-fund allocations to the parishes was discarded, and the formula was incorporated in the equalization program. All school systems received funds on the same basis. (*School Finance in Louisiana*, 1966)

As a result of one of the recommendations, a consolidation of distributions made by the State Board of Education to local school districts was finalized in terms of the following:

Summary of Basic Distributions of State Funds, 1956

1955–1956	1956
1. Per Educable	1. Per Educable
2. Equalization	2. Equalization
3. Teachers' Salary Fund	
4. Bus Drivers' Salary Fund	

The Equalization Formula, 1956-62

The cost and support items included in the formula in 1956–62 included the following:

A. Cost Phase
   1. Teachers allotted and employed per state minimum salary schedule
   2. Supervisors allotted and employed X $6,500
   3. Visiting teachers allotted and employed X $6,500
   4. Transportation per state minimum salary schedule
   5. Other cost per public school ADM @ $37.23743248
   6. Total cost

B. Support Phase
   1. Per educable distribution @ $55 for each educable
   2. 5 Mill Constitutional tax (90%)
   3. Severance tax
   4. Rent or lease of school lands limited to 50 percent
   5. Court fines and forfeitures
   6. Total support

C. Difference Necessary to Equalize

The formula adopted in 1956 essentially remained the same until 1962–63. Summaries of the cost and support items in addition to the amounts needed to equalize have been presented in Tables 17, 18 and 19.

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TABLE 17

Comparison of Cost Items Defined in the Equalization Formula Following the 1956 Revisions, 1957-62

Cost Items	1956–57	1957–58	1958–59	1959–60	1960–61	1961–62
1. Teachers allotted and employed	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.
2. Supervisors allotted and employed	Number X $6,500.00	Number X $6,500.00	Number X $6,500.00	Number X $8,000.00	Number X $8,000.00	Number X $8,000.00
3. Visiting teachers allotted and employed	Number X $6,500.00	Number X $6,500.00	Number X $6,500.00	Number X $8,000.00	Number X $8,000.00	Number X $8,000.00
4. Transportation	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.
5. Other costs	ADM X $32.32865	ADM X $37.2374	ADM X Flat Amt.	ADM X $34.3637	ADM X $28.59196	ADM X $31.4532

SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

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TABLE 18

Comparison of Support Items Defined in the Equalization Formula Following the 1956 Revisions, 1957-62

Support Items	1956–57	1957–58	1958–59	1959–60	1960–61	1961–62
1. Per educable distribution	$55.00 per educable	$55.00 per educable	$55.00 per educable	$55.00 per educable	$55.00 per educable	$55.00 per educable
2. Constitutional tax (90% or net amount)	5 Mills	5 Mills	5 Mills	5 Mills	5 Mills	5 Mills
3. Severance tax	School board's share	School board's share	School board's share	School board's share	School board's share	School board's share
4. Rent or lease of school lands	50% of funds derived	50% of funds derived	50% of funds derived	50% of funds derived	50% of funds derived	50% of funds derived
5. Court fines and forfeitures	Actual	Actual	Actual	Actual	Actual	Actual

SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

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TABLE 19

Comparison of Amounts Necessary to Equalize Following the 1956 Revisions, 1957-62

Year	Cost	Support	Difference Necessary to Equalize
1956–57	$111,985,868	$62,926,609	$ 49,469,159[1]
1957–58	137,454,896	65,075,927	72,378,969[1]
1958–59	143,090,610	67,092,046	75,998,564[1,2]
1959–60	158,542,451	70,719,779	87,822,672[1]
1960–61	170,559,567	72,336,931	98,222,636[1]
1961–62	179,868,701	74,921,551	104,947,150[1]

[1]Includes $409,900 per R.S. 17:125 of 1950 for Orleans Parish.
[2]Additional amount needed to meet minimum requirements of the program ($3,297,578).
SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

Changes in the Equalization Formula, 1963-75

Data reflecting summaries of the cost and support items plus the amounts needed to equalize have been presented in Tables 20, 21 and 22. An analysis of these data indicate the following changes in the formula were made between 1963 and 1975.

A. Cost Phase:

1. The minimum salary schedule for teachers was increased.
2. The salary allocation for supervisors and visiting teachers was increased from $8,000 to $12,800.
3. The minimum salary schedule for school bus drivers was increased.
4. Special education teacher aide was added as a cost item in the formula.
5. Support for mandated cost programs including sabbatical leave, substitute pay for teachers, and accumulated sick leave severance pay was added as a cost item in the formula.
6. Salary adjustments for other personnel including school lunch and other workers not covered by a minimum salary schedule were added as a cost item in the formula.
7. Other costs funds allocated per pupil in membership were increased from $29.26881 to $48.00.

B. Support Phase:

1. The significance of the per educable distribution was minimized in that the State deemed that the three-fourths and one-fourth ratio applicable to the per educable and equalization funds in terms of constitutional provisions applied to the minimum of $10,000,000 which must be maintained in the State Public School Fund. Consequently, the amount of $7,500,000 was distributed in 1962–63 on a per educable basis. This amount remained constant until 1975 when the distribution was abolished by the new Constitution.

2. Court fines and forfeitures was abolished as a source of support.

TABLE 30

Comparison of Cost Items Defined in the Equalization Formula Following the Revisions in 1962 and 1975 1963-75

Cost Items	1962–63	1964–65	1966–67	1968–69	1970–71	1972–73	1974–75
1. Teachers allotted and employed	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.
2. Supervisors allotted and employed	Number X $8,000.00	Number X $8,000.00	Number X $8,000.00	Number X $10,000.00	Number X $11,600.00	Number X $12,133.33	Number X $12,800.00
3. Visiting teachers allotted and employed	Number X $8,000.00	Number X $8,000.00	Number X $8,000.00	Number X $10,000.00	Number X $11,600.00	Number X $12,133.33	Number X $12,800.00
4. Transportation	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.	Number X M.S.S.
5. Other costs	ADM X $29.26881	ADM X $33.00	ADM X $33.00	ADM X $43.00	Membership X $48.00	Membership X $48.00	Membership X $48.00
6. Special Education teacher aides							Number X $2,500.00

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7. Support for Mandated Cost							Sabbatical lv. Substitute pay and Sick Lv. Sev. Pay
8. Salary adjustments for other personnel						School lunch and other personnel not covered by M.S.S.	School lunch and other personnel not covered by M.S.S.

SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

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TABLE 21

Comparison of Support Items Defined in the Equalization Formula Following the Revisions of 1962 and 1975 1963-75

Support Items	1962–63	1964–65	1966–67	1968–69	1970–71	1972–73	1974–75
1. Per educable distribution	$7.61691 per educable	$7.26455 per educable	$6.79686 per educable	$6.706848 per educable	$6.589438 per educable	$6.575365 per educable	$6.683479 per educable
2. Constitutional tax (90% or net amount)	5 Mills	5 Mills	5 Mills	5 Mills	5 Mills	5 Mills	5 Mills
3. Severance tax	School board's share	School board's share	School board's share	School board's share	School board's share	School board's share	School board's share
4. Rent or lease of school lands	50% of funds derived	50% of funds derived	50% of funds derived	50% of funds derived	50% of funds derived	50% of funds derived	50% of funds derived
5. Court fines and forfeitures	Actual						

SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

TABLE 22

Comparison of Amounts Necessary to Equalize Following the Revisions of 1962 and 1975 1963-75

Year	Cost	Support	Difference Necessary to Equalize
1962–63	$185,139,161	$30,379,202	$154,759,959[1]
1964–65	202,664,201	32,078,237	170,585,964[1]
1966–67	247,689,858[2]	34,165,398	213,524,460
1968–69	298,899,971	36,453,975	262,445,996[3]
1970–71	369,127,881	38,617,013	330,510,868[3]
1972–73	409,390,853	39,699,143	369,691,710[4]
1974–75	458,063,425	41,668,819	416,394,606[5]

[1]Includes $409,900 per R.S. 17:125 of 1950 for Orleans Parish.
[2]Includes $1,116,705 in adjustments to systems with declining enrollment.
[3]Excludes adjustments due to parish and state in addition to adjustments due to loss in membership and in cost program.
[4]Excludes reduction of .2763468 percent or $1,021,631 due to insufficient funds, also excludes adjustments in cost and support items, adjusted difference to equalize $368,064,565.
[5]Excludes reduction of .8781052 percent ($3,656,383) due to insufficient funds. Also excludes adjustments in cost and support items. Adjusted difference to equalize = $412,195,481.
SOURCE: Circulars of the Louisiana State Department of Education for the years indicated.

CHAPTER 11

THE PRESENT MINIMUM FOUNDATION PROGRAM 1975-76

Constitutional Provisions for a Minimum Foundation Program

In the 1975 Constitution of the State of Louisiana, a provision was included which provided a Minimum Foundation Program for public elementary and secondary schools. Specifically, Article VIII, Section 13(B) provided:

> The legislature shall appropriate funds sufficient to insure a minimum foundation program of education in all public elementary and secondary schools. The funds appropriated shall be equitably allocated to the parish and city school systems according to formulas adopted by the State Board of Elementary and Secondary Education and approved by the legislature prior to making the appropriation. (Article VIII, Section 13(B))

Some significant observations concerning the provision include the following:

1. It shall be incumbent upon the State Legislature to appropriate sufficient funds to insure a minimum foundation program in all public elementary and secondary schools.

2. The funds appropriated shall be equitably allocated to the parish and city school systems.

3. The formula used for the distribution of funds shall be approved by the State Board of Elementary and Secondary Education.

4. The formula used for the distribution of funds shall be approved by the State Legislature prior to making an appropriation for the program.

5. No provision was made in the new Constitution for the continuation of the per educable distribution.

6. The State Board of Elementary and Secondary Education appears to enjoy considerable latitude in the determination of a Minimum Foundation Program.

The Current Program, 1975-76

With the adoption of the new State Constitution, one of the oldest distributions used to distribute State funds to local school districts was eliminated. No longer was there provision for the distribution of State

funds on a per educable basis. For all intents and purposes, it had been recognized by many school administrators that this method of allocating funds to local school districts had become obsolete. In 1975–76 funds were appropriated on a per educable basis, with an amount of $7,500,000 made available. However, in the determination of the Minimum Foundation Program for 1975–76, this amount ($7,500,000) was consolidated with Foundation Program funds and distributed in that manner. Hence, in 1975–76, one basic distribution of state funds was made to local school systems, specifically, the Minimum Foundation Program Distribution.

The present formula includes three specific categories. They are as follows:

1. Cost of the Minimum Foundation Program.
2. Support for the Minimum Foundation Program.
3. Difference necessary to equalize.

Cost of the Minimum Foundation Program

Teachers allotted and employed and actual salary per the State Minimum Salary Schedule. This factor was determined on the basis of the number of teachers allotted to each parish and city school system in accordance with approved pupil-teacher ratios utilizing average daily membership at the elementary and secondary grade levels. The state minimum salary schedule for teachers, predicated upon training and experience of the teaching staff, was used to determine allocation for teacher salaries in each local school system. By including this item in the formula, public school teachers were assured of a salary for a nine-month period based upon the State's guaranteed scale. The ratios utilized in allocating teachers were applied on a school-by-school basis with teachers allotted to the parish as a whole. The allotment on a school-by-school basis has been made each year by the State Department of Education merely to establish a uniform basis for allocation of the Minimum Foundation Program Fund. Thus, the assignment of teachers to each of the several schools in a local school system remains the sole prerogative of the parish or city school board. Whenever the number of teachers employed by a parish or city school board was less the number allotted, the number actually employed was used in the formula. However, if a parish or city school board exceeded the regular teacher allotment, deductions were made until the actual allotment was reached. Whenever such deductions were necessary, teachers with the least experience and lowest professional training were eliminated from the program in order to cause the smallest financial drain upon a local school system. The ratios used in allocating kindergarten, elementary, junior, and senior high school teachers follow:

TABLE 23

Schedule of Pupil-Teacher Ratios Used in Allotting Teachers to Elementary Schools or Departments

Membership	Teachers Allotted	Membership	Teachers Allotted
10– 30	1	770– 796	29
31– 53	2	797– 823	30
54– 78	3	824– 850	31
79– 105	4	851– 877	32
106– 134	5	878– 904	33
135– 165	6	905– 931	34
166– 198	7	932– 958	35
199– 229	8	959– 985	36
230– 256	9	986–1012	37
257– 283	10	1013–1039	38
284– 310	11	1040–1066	39
311– 337	12	1067–1093	40
338– 364	13	1094–1120	41
365– 391	14	1121–1147	42
392– 418	15	1148–1174	43
419– 445	16	1175–1201	44
446– 472	17	1202–1228	45
473– 499	18	1229–1255	46
500– 526	19	1256–1282	47
527– 553	20	1283–1309	48
554– 580	21	1310–1336	49
581– 607	22	1337–1363	50
608– 634	23	1364–1390	51
635– 661	24	1391–1417	52
662– 688	25	1418–1444	53
689– 715	26	1445–1471	54
716– 742	27	1472–1498	55
743– 769	28	1499–1525	56

NOTE:
230 and over—1 teacher to each 27 pupils or major fraction (ratio of 27 to 1).

TABLE 24

Schedule of Pupil-Teacher Ratios Used in Allotting Teachers to Secondary Schools or Departments

Membership	Teachers Allotted	Membership	Teachers Allotted
51– 71	4	863– 887	35
72– 93	5	888– 912	36
94– 116	6	913– 937	37
117– 142	7	938– 962	38
143– 161	8	963– 987	39
162– 189	9	988–1012	40
190– 209	10	1013–1037	41
210– 240	11	1038–1062	42
241– 262	12	1063–1087	43
263– 283	13	1088–1112	44
284– 318	14	1113–1137	45
319– 356	15	1138–1162	46
357– 395	16	1163–1187	47
396– 437	17	1188–1212	48
438– 462	18	1213–1237	49
463– 487	19	1238–1262	50
488– 512	20	1263–1287	51
513– 537	21	1288–1312	52
538– 562	22	1313–1337	53
563– 587	23	1338–1362	54
588– 612	24	1363–1387	55
613– 637	25	1388–1412	56
638– 662	26	1413–1437	57
663– 687	27	1438–1462	58
688– 712	28	1463–1487	59
713– 737	29	1488–1512	60
738– 762	30	1513–1537	61
763– 787	31	1538–1562	62
788– 812	32	1563–1587	63
813– 837	33	1588–1612	64
838– 862	34		

NOTE:

1. 438 and over—1 teacher to each 25 pupils or major fraction (ratio of 25 to 1).
2. Proviso: Schools with less than a membership of 105 and ten or more miles by the most direct improved road from another public high school within the parish: 1 teacher for each secondary grade or the regular allotment whichever is greater.
3. Applicable to junior and senior high schools or departments with grades 7 through 12, or any combination of these grades.

In addition to the regular allotment of teachers, provision has been made for allocating a principal for each school provided the number of teachers in the school was seven or more. Whenever a school was entitled to fifteen or more teachers, provision has been made for an assistant principal over and above the allocation for principal. The schedule used for this allocation follows:

TABLE 25

Schedule of Pupil-Teacher Ratios Used in Allotting Principals to Elementary and/or Secondary Schools or Departments[8]

Size of School in Terms of Number of Teachers Allotted Under Formula	Additional		
	Principal	Assistant Principal	Total
7 or more but less than 15	1	0	1
15 or more	1	1	2

In an effort to promote vocational and specialized education programs, pupil-teacher ratio schedules limited to grades 9-12 or other combination of high-school grades have been approved. Additional teachers have been allotted for enrichment purposes whenever teachers were employed in a full-time teaching capacity in high school departments who were certified to teach in vocational or specialized fields such as agriculture, home economics, business education, distributive education, industrial arts, trade and industrial education, music, art, vocational guidance, librarians, and other areas. The schedule used in allocating enrichment teachers follows:

TABLE 26

Schedule of Pupil-Teacher Ratios Used in Allotting Enrichment Teachers to Secondary School Departments Limited to Grades 9-12 or Other Combination of Senior High Grades

Membership in Grades 9-12	Number Enrichment Teachers Allotted School
76– 150	2
151– 450	4
451– 750	6
751–1050	8
1051–1350	10
1351–1650	12
1651–1950	14
1951–2250	16
2251–2550	18
2551–2850	20
2851–3150	22
3151–3450	24
3451–3750	26
3751–4050	28
4051–4350	30
4351–4650	32

Another area in which a pupil-teacher ratio has been established for the purpose of allocating teachers in the Minimum Foundation Program has been in special education. Act 368 of 1972 provided an allotment of teachers and aides in the following areas:

1. Speech therapy
2. Gifted
3. Slow Learners
4. Educable Mentally Retarded
5. Trainable Mentally Retarded
6. Deaf or Hard of Hearing
7. Blind or Partially Sighted
8. Orthopedic or Cerebral Palsied
9. Emotionally Disturbed
10. Learning Disabled
11. Pre-school Handicapped
12. Severely and Profoundly Mentally Retarded
13. Deaf and Blind
14. Autistic

The schedule used for allocating teachers in these areas follows:

TABLE 27

Schedule of Pupil-Teacher Ratios Used in Allotting Teachers by Act 368 of 1972

Area	Class Membership	Teachers Allotted[1]	Teacher Aides Allotted
Speech Therapy	60–80	1	None
Gifted	18–24	1	None
Slow Learners	12–18	1	None
Educable Mentally Retarded	10–15	1	1
Trainable Mentally Retarded	8–12	1	1
Deaf or Hard of Hearing	8–10	1	None
Blind or Partially Sighted	8–10	1	None
Orthopedic or Cerebral Palsied	8–10	1	1
Emotionally Disturbed	8–10	1	1[2]
Learning Disabled	8–10	1	1
Pre-school Handicapped	8–10	1	1
Severely and Profoundly Mentally Retarded	5–7	1	1
Deaf and Blind	3–5	1	1
Autistic	2–4	1	1

[1]When there are fewer than the minimum number of pupils per teacher or aide as specified above, the state allotment for the approved teacher or aide shall be reduced one-tenth for each pupil less than the specified minimum.
[2]Aides allotted for *severely* emotionally disturbed or disruptive behavior, only.

Supervision of Instruction. The State has recognized that supervision has been and remains as an important program for improving instruction. Consequently, provision has been made for each parish and city school board to employ supervisors. A ratio based upon teachers allotted and employed has been used in allocating supervisors of instruction. As the size of the teaching staff increased, the local school district has been afforded opportunities to increase the supervisory staff. An arbitrary amount determined by the State Board of Elementary and Secondary Education has been used to determine the salary allocation for each supervisor allotted. In recent years, the amount stipulated in the formula has been twelve-ninths of the salary of a classroom teacher with a master's degree and maximum experience according to the State minimum salary schedule. The schedule used for allocating supervisors of instruction follows:

TABLE 28

Schedule of Ratios Used in Allotting Supervisors of Instruction

Teachers Allotted and Employed	Supervisors Allotted	Teachers Allotted and Employed	Supervisors Allotted
40– 75	1	2516–2665	18
76– 265	2	2666–2815	19
266– 415	3	2816–2965	20
416– 565	4	2966–3115	21
566– 715	5	3116–3265	22
716– 865	6	3266–3415	23
866–1015	7	3416–3565	24
1016–1165	8	3566–3715	25
1166–1315	9	3716–3865	26
1316–1465	10	3866–4015	27
1466–1615	11	4016–4165	28
1616–1765	12	4166–4315	29
1766–1915	13	4316–4465	30
1916–2065	14	4466–4615	31
2066–2215	15	4616–4765	32
2216–2365	16	4766–4915	33
2366–2515	17	4916–5065	34

NOTE:
One supervisor of instruction is allowed for as many as 40 teachers allotted and employed. One additional supervisor of instruction is allowed when the number of teachers equals 150 or major fraction thereof. One additional supervisor is allotted for each 150 teachers thereafter. Supervisors are allotted only in cases where such supervisors are employed prior to the end of the first reporting period of the new school year. No parish or city school board shall be penalized any supervisors as a result of this formula.

Visiting teachers. The providing of machinery for enforcing the State's compulsory school-attendance law has resulted in the inclusion of visiting-teacher personnel as a factor in the cost phase of the Minimum Foundation Program. The number of visiting teachers allotted to each parish and city school board has been based upon an educable-visiting teacher ratio schedule. An arbitrary amount determined by the State Board of Elementary and Secondary Education has been used to determine the salary allocation for each visiting teacher allotted. In recent years, the amount stipulated in the formula has been twelve-ninths of the salary of a classroom teacher with a master's degree and maximum experience according to the State's minimum salary schedule. The schedule used for allocating visiting teachers follows:

TABLE 29

Schedule of Educable-Visiting Teacher Ratios Used in Allotting Visiting Teachers

Number of Educables	Number Allotted
1 –14,999	1
15,000– 29,999	2
30,000– 45,000	3
45,001– 60,000	4
60,001– 75,000	5
75,001– 90,000	6
90,001–105,000	7
105,001–120,000	8
120,001–135,000	9
135,001–150,000	10
150,001–165,000	11
165,001–180,000	12
180,001–195,000	13
195,001–210,000	14
210,001–225,000	15
225,001–240,000	16
240,001–255,000	17
255,001–285,000	18

NOTE:
Where the number of educables in any system is less than 15,000 there may be allotted one visiting teacher, and where the number of educables is greater than 15,000 but less than 30,000 there may be allotted two visiting teachers. For each additional 15,000 educables over 30,000 there may be allotted one additional visiting teacher.

Special education teacher aides. Under the provisions of Act 368 of 1972, provision has been made for allocating teacher aides for certain facets of the special education program. The schedule for allocating aides has been presented in Table 27. The salary allocation in 1975–76 amounted to the actual salary paid to the aide up to the sum of $3,045.

Transportation. The maintenance of a school transportation system has been an important service provided by local school boards. Thousands of children have been dependent upon some mode of transportation in traveling to and from consolidated schools. Since every parish and city school system in Louisiana transports children, this item has been recognized as an important factor in the Minimum Foundation Program. School bus drivers in Louisiana have been paid on the basis of a state minimum salary schedule provided by legislative act. The schedule has been amended on numerous instances since the first enactment in 1954 to

provide salary increases. The actual cost of implementing the salary schedule has been used in arriving at the amount needed by each parish and city school system. In 1975–76 the salary schedule provided by Act 736 of 1975 has been utilized. No restrictions have been placed in the application of the Minimum Foundation Program that would control the number of vehicles included in the program.

On April 17, 1974, the office of the Attorney General of Louisiana addressed an opinion to the State Superintendent of Education in which several questions concerning the transportation program were raised. Due to the significance of the opinion, the complete text has been included in terms of the following:

> We were requested on April 16, 1974, to comment on certain proposals adopted by the Task Force on School Finance, designed to provide uniformity in establishing and auditing local transportation systems.
>
> Item I of these proposals defines an "eligible pupil", meaning one entitled to utilize transportation provided by parish school boards. The proposal reflects the provisions of R.S. 17:158, which says that "parish school boards may provide transportation for children attending any school of suitable grade approved by the State Board of Education and *living* more than one mile from school . . . " (Emphasis supplied). The proposal prescribes a method of measuring the one-mile distance, stating that it "shall be interpreted as the walking distance from the pupil's driveway or entrance to the nearest public road to the driveway or walking entrance of the school building."
>
> We have found no judicial interpretation of the "one-mile" provision of R.S. 17:158. In our opinion, the board is entitled to prescribe such administrative regulations as it may consider reasonable in order to carry out the purpose of this statute and to promote uniform administration throughout the state. R.S. 17:7, R.S. 17:81.
>
> Item II. This proposal would allow transportation of pupils living less than one mile from the school they attend if conditions are present which would render walking hazardous. We do not find that statutory authority exists such as would allow transportation to be furnished to pupils living within one mile of the school they attend.
>
> According to R.S. 17:158, which is apparently the only applicable law, the furnishing of transportation to pupils is discretionary with a parish school board, and it may only elect to exercise its discretion with reference to the one-mile limitation. R.S. 17:158 is silent with respect to the public provision of transport for pupils resident within a one-mile radius of the school they attend. It is well recognized that parish school boards possess only that authority granted by the constitution and express provisions of statutory law. In the absence of some foundation in law for the authority to provide transportation for pupils in the category under discussion, we are obliged to record it as our opinion that parish

school boards possess no such authority. In this connection, you are referred to a prior opinion of this office dated July 31, 1945, found in Opinions of the Attorney General, 1944–1946, Page 818, which concludes:

"It is, therefore, the opinion of this Department that a parish school board has no authority to use public school funds for the purpose of paying for transportation of pupils living 'one mile and less' from the school they attend."

In view of this conclusion, it would follow that the transportation procedures provided in Item II of your proposals could have no effect under R.S. 17:158 as presently drawn.

You have directed that your proposed Item III be disregarded.

Item IV is designed to accomplish the abolition of routes established to transport college and vocational-technical students by June 1, 1977.

The right of parish school boards to transport eligible college and vocational-technical school students at public expense has been recognized in prior opinions of this office, e.g., Opinions of the Attorney General, 1936–1938, Page 837 (college students), 1942–44, Page 1424 (trade school students), 1946–48, Page 832. Inasmuch as such right is one the exercise of which is discretionary with the parish school boards, subject to the regulatory powers of the State Board of Education, the latter board is entitled to establish a program to phase out this service as it sees fit.

Items V and VI are regulatory and appear to require no consideration of statutory authority.

Support for mandated costs. This item has been included in the Minimum Foundation Program in order to provide assistance to local school systems in the implementation of benefit programs for teachers mandated by the State Legislature. Included in the mandate umbrella were the following benefits:

1. Sabbatical leave: Cost figure determined by utilizing the number of teachers on leave the previous year multiplied by a specific amount per teacher ($3,400 in 1975–76).

2. Substitute teacher pay: Cost figure determined by utilizing the number of teachers allotted and employed the previous year multiplied by a specific amount per teacher ($83 in 1975–76).

3. Sick leave severance pay: Cost figure determined by utilizing the actual amount expended the previous year multiplied by a specific percentage (56.927745 percent in 1975–76).

In 1975–76, the sum of $6,581,106 was included in the cost phase of the Minimum Foundation Program for support of mandated costs.

Salary adjustments for other personnel. An item concerned with salary adjustments as provided in various legislative acts for school lunch, administrative, and other personnel not covered by a State Minimum Salary Schedule has been included in the cost phase of the Minimum Foundation Program. On January 10, 1975 the State Board of Elementary and Secondary Education adopted the following policy concerning the distribution of funds for salary adjustments of employees other than personnel governed by a statewide minimum salary schedule:

> For the school year 1975–76, any new appropriation for salary increases should be distributed to school boards on the basis of the number of teachers allotted and employed. Existing appropriations should be distributed to school boards, one-half as it has been done in the past and one-half on the basis of teachers allotted and employed.

The policy did not pertain to salary adjustments for school lunch employees. Funds for salary increases for this category of employees will be distributed in the same manner as in previous years.

Accordingly, one-half of all existing increases prior to 1975–76 were distributed as in former years and the remaining one-half on the basis of the number of teachers allotted and employed in each local school district. The salary adjustments included in Act 52 of the Extra Session of the Legislature and in Act 16 of 1975 were distributed on the basis of the number of teachers allotted and employed.

Other costs. Since there have been other items included in the current operation budget of school boards besides classroom teachers, supervisors of instruction, visiting teachers, special education teacher aides, transportation, support for mandated costs, and salary adjustments for other personnel (as specified in the Minimum Foundation Program), another factor, commonly referred to as "other costs" has been included. This item takes into consideration expenditures made by parish and city school boards for general control, operation of the plant, maintenance of the plant and other items included in the budgets of local school systems. This cost item assures provision of state aid for these services. The amount designated has been determined on the basis of public school membership at the conclusion of the first reporting period multiplied by a flat grant per pupil in membership. In 1975–76, the amount made available was $48 per student.

Total costs. The total cost of these eight factors—(1) teachers allotted and employed in terms of the State's minimum salary schedule, (2) supervisors of instruction allotted and employed with salary allocations, (3) visiting teachers allotted and employed with salaries, (4) special education teacher aides with salaries, (5) transportation, (6) support for

mandated costs, (7) salary adjustments for other personnel excluded from minimum salary schedules and (8) other costs—represented the cost phase of the Minimum Foundation Program in 1975–76.

Summary of controls utilized in the cost phase of the Minimum Foundation Program. The controls utilized by the state in the implementation of the cost phase of the Minimum Foundation Program included the following:

1. *Regular teachers*:
   a. *Number*: Determined on the basis of pupil-teacher ratios based on average daily membership at the elementary and secondary grade levels.
   b. *Amount*: Determined on the basis of the State's minimum salary schedule for a nine-month period.
2. *Enrichment teachers*:
   a. *Number*: Determined on the basis of pupil-teacher ratios based on average daily membership applied to grades 9–12 or any combination involving these grades.
   b. *Amount*: Determined on the basis of the State's minimum salary schedule for a nine-month period.
3. *Special education teachers*:
   a. *Number*: Determined on the basis of pupil-teacher ratios based on average daily membership per Act 368 of 1972.
   b. *Amount*: Determined on the basis of the State's minimum salary schedule for a nine-month period.
4. *Principals*:
   a. *Number*: Determined on the basis of ratios utilizing the number of teachers allotted and employed with a maximum of two principals assigned to each school.
   b. *Amount*: Determined on the basis of the State's minimum salary schedule for a nine-month period.
5. *Supervisors of instruction*:
   a. *Number*: Determined on the basis of ratios utilizing the number of teachers allotted and employed. One supervisor of instruction was allowed for as many as 40 teachers allotted and employed. An additional supervisor of instruction was allowed when the number of teachers allotted and employed equals 150 or a major fraction thereof. One additional supervisor was allotted for each 150 teachers thereafter. Supervisors of instruction were allotted only in cases where such supervisors were employed prior to the end of the first reporting period of the school year.

b. *Amount*: Determined on the basis of an arbitrary amount designated by the State Board of Elementary and Secondary Education. The amount designated was predicated upon the State minimum salary schedule for teachers.

6. *Visiting teachers*:
   a. *Number*: Determined on the basis of ratios utilizing the educable count. Whenever the number of educables in any local school system was less than 15,000, one visiting teacher was allotted. Whenever the number of educables was greater than 15,000 but less than 30,000, two visiting teachers may be allotted. For each additional 15,000 educables thereafter, one visiting teacher was allotted. Visiting teachers were allotted only in cases where such visiting teachers were employed prior to the end of the first reporting period of the school year.
   b. *Amount*: Determined on the basis of an arbitrary amount designated by the State Board of Elementary and Secondary Education. The amount designated was predicated upon the State minimum salary schedule for teachers.

7. *Transportation*:
   a. *Number*: Under LRS 17:158 parish school boards may provide transportation for children attending any school of suitable grade approved by the State Board of Elementary and Secondary Education and living more than one mile from such school; and for that purpose parish school boards may employ school bus operators as defined in LRS 17:491. In addition, the State Board of Elementary and Secondary Education has adopted the policy which provided that "any request for additional money for transportation over and above that in existence must be fully justified to the Board when application is made."

      In addition, the Board approved a policy which provided that "if a parish superintendent or school board feels that in the interest of safety it is advisable to pick up children living less than one mile from school, the local board apply to the State Department of Education for a survey and that the State Department of Education make a recommendation to the State Board on the feasibility of the additional busses."

      Furthermore, under the provisions of LRS 17:1711 "the school boards of the several parishes may enter into contracts with individuals, partnerships or corporations domiciled in this State to furnish transportation at no cost to students attending any college, junior college, trade school or vocational-

technical school . . . . or may furnish such free transportation themselves, and pay for same in the manner provided for defraying other expenses."

Finally, LRS 17:1944 provides ". . . and opportunities for all children within their boundaries diagnosed as needing special education—and for the same purpose, parish and city school boards shall provide transportation as necessary. . . ."

b. *Amount*: The actual cost of transportation was allowed based upon full implementation of the State minimum salary schedule for school bus operators. Data as of the end of the first reporting period of the year was used in determining the cost.

8. *Special education teacher aides*:
   a. *Number*: Determined on the basis of pupil-teacher ratios based on pupil membership.
   b. *Amount*: Determined on the basis of actual salary up to $3,045 in 1975–76.

9. *Support for mandated costs*:
   a. *Sabbatical leave*: Determined on the basis of the number of teachers on sabbatical leave in the previous year multiplied by an arbitrary amount ($3400 in 1975–76).
   b. *Substitute teacher pay*: Determined on the basis of the number of teachers allotted and employed in the previous year multiplied by an arbitrary amount ($83 in 1975–76).
   c. *Sick leave severance pay*: Determined on the basis of the amount actually expended for this program in the previous year multiplied by a flat percent predicated in terms of available funds (56.927745 percent in 1975–76).

10. *Salary adjustments for other personnel*:
On January 10, 1975, the State Board of Elementary and Secondary Education adopted the following policy regarding the 1975–76 distribution of funds for salary adjustments of employees other than personnel governed by a statewide minimum salary schedule: "For the school year 1975–76, any new appropriation for salary increases should be distributed to school boards on the basis of the number of teachers allotted and employed. Existing appropriations should be distributed to school boards, one-half as it has been done in the past and one-half on the basis of teachers allotted and employed." The policy did not pertain to salary adjustments for school lunch employees, which continued to be distributed as formerly.

In accordance with the State Board action, one-half of all existing increases prior to the 1975–76 school year were distributed as

in the past and the remaining one-half on the basis of the number of teachers allotted and employed in each local school system. The salary adjustments included in Act 52 of the Extra Session of 1975 and in Act 16 of the Regular Session of 1975 were distributed on the basis of the number of teachers allotted and employed.

11. *Other Cost*:
    a. *Number*: Determined on the basis of public school membership at the end of the first reporting period of the school year.
    b. *Amount*: Determined on the basis of an arbitrary amount determined by the State Board of Elementary and Secondary Education and the State Legislature. The amount utilized in 1975–76 was $48 per child in membership.

Support for the Minimum Foundation Program

Five-Mill Constitutional tax. The millage charged against each parish and city school in the support program has been the net amount collected from 5 mills of 100 percent of the assessed valuation of property for the fiscal year or 90 percent of 5 mills, whichever was smaller. Under existing state laws a certain percentage was reimbursed by the local school districts to the sheriff's office for collection fees and pension funds.

Rent or lease of school lands. Revenues from this source were derived directly from sixteenth section lands owned by local school systems. The basic revenues came from rent, leases, and royalties. Since a major part of these revenues was derived from leases and royalties, the amounts provided from this source fluctuated from year to year. Fifty percent of rent or lease of school land revenues collected by each board was used as a support factor.

Total support. The total revenues generated by these two factors—the 5 Mill Constitutional Tax and 50 percent of the revenues derived from the rent or lease of school lands—represented the support "charged against" the cost of the Minimum Foundation Program.

Difference Necessary to Equalize

Determination. The final division of the Minimum Foundation Program reflected the difference between the total cost of the Minimum Education Program for each parish and city school system and the amount of support which each school system can "generate or muster" for subsidizing the program. Whenever the support "charged against" a parish or city school board exceeded the cost of the Minimum Education Program, the local school system received no funds through the distribu-

tion. However, if the cost of the Minimum Education Program exceeded the support "charged against" a parish or city school board, the amount needed to subsidize the program was referred to as the "difference necessary to equalize"; hence the term equalization. With the changes made in the formula since 1956, it has been normal procedure for all parish and city school boards to participate in the distribution of funds under the formula.

A summary of factors included in the Minimum Foundation Program utilized in 1975–76 has been presented in Table 30.

TABLE 30

Factors Included in the Minimum Foundation Program Formula for Financing Public Elementary and Secondary Schools in Louisiana, 1975-76

Factor		Amount
I.	Cost of the State Minimum Foundation Program	
	1. Teachers allotted and employed in terms of the State minimum salary schedule	$_____
	2. Supervisors of Instruction allotted and employed with salary allocation	_____
	3. Visiting teachers allotted and employed with salary allocation	_____
	4. Special education teacher aides	_____
	5. Transportation costs in terms of the state minimum salary schedule	_____
	6. Support for mandated costs	_____
	7. Salary adjustments for other personnel excluded from state minimum salary schedules	_____
	8. Other costs	_____
	9. Total	$_____
II.	Support for the State Minimum Foundation Program	
	1. Five (5) mill Constitutional tax	$_____
	2. Fifty (50) percent of amounts received from royalties, rental and lease of school lands	_____
	3. Total	$_____
III.	Difference Necessary to Equalize	$_____

Significant Events In 1975-76 Having an Impact Upon the Minimum Foundation Program

Provisions of Act 619. Act 619 of 1975 has had a significant impact upon the formula for the Minimum Foundation Program in that it prohibited the use of certain local sources of revenue as items of support. Specifically, Act 619 provided:

1. The following local sources of revenue *shall not be used* or taken into consideration in any formula adopted by the Louisiana State Board of Elementary and Secondary Education and submitted to the legislature for approval as required by Article VIII, Section 13(B) of the Constitution for the allocation of funds to insure a minimum foundation program of education in all public elementary and secondary schools:

   a. The proceeds derived from the sale, lease, or other disposition or use of any sixteenth section lands by a parish or city school board.
   b. The allocation of severance taxes, if any, to a parish or city school board or school system.
   c. A portion of the proceeds derived from any sales tax levied and collected by a parish or city school board.

2. Funds derived from the sale, lease or use of sixteenth section lands heretofore charged against school systems in the Minimum Foundation Program formula shall be replaced by equal amounts from revenues generated by lease or royalties of sixteenth section water bottoms claimed by the State. However, in the event such replacement revenues have been insufficient for such purpose then, and in that event only, revenues generated by lease or royalties from other water bottoms claimed by the State shall be used as needed for the purposes of this section.

Opinion of the State Attorney General Concerning Act 619. Opinion Number 76–195, dated March 8, 1976 from the State Attorney General's office was written in response to a series of questions concerning Act 619 of 1975 as posed by Joseph F. Kyle, Legislative Fiscal Officer, State of Louisiana. Due to the significance of the opinion, the complete text follows:

> Your letter dated February 4, 1976 addressed to Attorney General William J. Guste, Jr. has been referred to this office for reply.
>
> You ask our office to issue an opinion concerning the effective date and implementation of Act 619 of the Regular Session of the Legislature of Louisiana of 1975. In connection with your request, you pose five questions which we will discuss in the order in which you presented them.

The notice given by the Secretary of State in his official publication of the Acts of the Legislature of the Regular Session of 1975 reads as follows:

NOTICE

Section 19 of Article III of the Constitution of Louisiana of 1974 reads as follows:

"Section 19. All laws shall take effect on the sixtieth day after final adjournment of the session in which they were enacted, and shall be published prior thereto in the official journal of the state as provided by law. However, any bill may specify an earlier or later effective date."

The Regular Session of the Legislature of Louisiana for the year 1975, which convened on April 21, 1975, adjourned July 13, 1975.

The effective date of all Acts is September 12, 1975, except Acts which specify an earlier or later effective date.

First. Act 619 does not specify an effective date; therefore, its effective date is September 12, 1975. The answer to your first question is no. The act became effective regardless of whether or nor a formula has been submitted.

Second. The act became effective on the sixtieth day after adjournment of the Regular Session of 1975.

Third. Paragraph 1 of Section 1 of Act 619 provides:

No proceeds derived from the sale, lease, or other disposition or use of any sixteenth section lands by a parish or city school board, no allocation of severance taxes, if any, to a parish or city school board, or school system and no portion of the proceeds derived from any sales tax levied and collected by a parish or city school board *shall be used or taken into consideration in any formula adopted by* the Louisiana State Board of Elementary and Secondary Education *and submitted* to the Legislature for approval as required by Article VIII, Section 13(B) of the Constitution for the allocation of funds to insure a minimum foundation program of education in all public elementary and secondary schools. (Emphasis added)

Our answer to your third question will be based upon an interpretation of the phrase "shall be used" in the above-emphasized clause of the Act. As we read the paragraph, two interpretations are possible: (1) "shall be used . . . in any formula" or (2) "shall be used . . . for the allocation of funds".

It is our conclusion that the phrase means that the dollar amount of the proceeds, written in the figures, shall not be inserted into the formula called for by Article VIII, Section 13(B) of the 1974 Constitution. The phrase ". . . for the allocation of funds to insure a minimum foundation program of education in all public elementary and secondary schools.", we find, is an adjectival phrase which explains the nature of Article VIII, Section 13(B) of our 1974 Constitution. Hence, it is our opinion that if the formula was constructed and submitted to the Legisla-

ture for approval prior to the effective date of the Act, the proceeds derived from sources mentioned in Act 619 could be used after the effective date of the Act, if so approved by the Legislature. It is our further opinion that the question of local effort in terms of dollars to be supplied by the parish school boards, is an administrative question rather than a legal one; hence, we will refrain from rendering our opinion on the subject.

Fourth. It is our conclusion, for the foregoing reasons, that Act 619 of 1975 addresses itself to the submission of the formula to the Legislature for approval. It is our opinion that Act 619 of 1975 would have no effect on the appropriation and distribution of funds in connection with a formula submitted for approval to the Legislature prior to the effective date of the Act.

Fifth. Relative to Act 619 of 1975, it is our conclusion that the date on which Legislative approval may have been obtained is of no consequence. Hence, it is our opinion that the Act only affects a formula submitted for approval after the effective date of the Act.

The opinion, written by Stephen J. Caire, staff attorney, had the net effect of eliminating the sources of revenue listed in Act 619 from being used as items of support in the formula for the Minimum Foundation Program after the 1975–76 distribution.

Suit of Scarnato et al and the Orleans Parish School Board v. Parker et al. In February, 1976, Samuel A. Scarnato filed suit in United States District Court, Middle District of Louisiana against Mary Evelyn Parker, treasurer of the State of Louisiana, other state officials and agencies representing the state. The class action suit brought by Scarnato and other taxpayers and the Orleans Parish School Board contends that "allocating to parish and city school systems the funds appropriated by the Legislature of Louisiana to insure a minimum foundation program in all public elementary and secondary schools under a formula, which deducts from the amount allocated to each parish and city school system a sum equal to 5 mills on the dollar of the assessed valuation of all property assessed for ad valorem tax purposes in each parish results in manifest discrimination under color of law." The contention held is that such an allocation plan violates Section 2 of Article IV and Section 1 of the 14th Amendment of the Constitution of the United States and the provisions of Article VIII, Section 13(B) of the Louisiana Constitution.

On June 15, 1976, a three-judge Federal Court dismissed the suit brought by the Orleans Parish School Board. Due to the significance of the decision, a complete text is presented:

Before AINSWORTH, Circuit Judge, and WEST and RUBIN, District Judges

This action seeks to enjoin the enforcement of, and challenges the constitutionality of, the statutory scheme under which general revenues

of the State of Louisiana are allocated to parish and city school systems in Louisiana to insure a minimum foundation program of education (MFP) in all public elementary and secondary schools. Jurisdiction of this Court is properly invoked under Title 28 U.S.C. §§1331 and 1343. Since plaintiffs seek to enjoin and restrain the enforcement of a duly enacted state statute, and certain resolutions and orders issued pursuant thereto, this statutory three-judge court was properly convened under the provisions of Title 28 U.S.C. §§2281. All of the pertinent facts have been stipulated to by all counsel, or covered by affidavits filed with the consent of all parties, and the record is complete without the necessity of further evidentiary hearing. Plaintiffs seek a preliminary injunction, and defendants seek by motion to have the case dismissed.

Article VIII, Section 13 of the 1974 Louisiana Constitution provides, in part, as follows:

"§13. Funding; Apportionment.

* * *

(B) Minimum Foundation Program. The legislature shall appropriate funds sufficient to insure a minimum foundation program of education in all public elementary and secondary schools. The funds appropriated shall be equitably allocated to parish and city school systems according to formulas adopted by the State Board of Elementary and Secondary Education and approved by the legislature prior to making the appropriation.

(C) Local Funds. Local funds for the support of elementary and secondary schools shall be derived from the following sources:

First: Each parish school board, Orleans Parish excepted, and each municipality or city school board actually operating, maintaining, or supporting a separate system of public schools, shall levy annually an ad valorem maintenance tax not to exceed five mills on the dollar of assessed valuation on property subject to such taxation within the parish or city, respectively.

Second: The Orleans Parish School Board shall levy annually a tax not to exceed thirteen mills on the dollar of the assessed valuation of property within the city of New Orleans assessed for city taxation, and shall certify the amount of the tax to the governing authority of the city. The governing authority shall have the tax entered on city tax rolls. The tax shall be collected in the manner, under the conditions, and with the interest and penalties prescribed by law for city taxes. The money thus collected shall be paid daily to the Orleans Parish School Board.

Third: For giving additional support to public elementary and secondary schools, any parish, school district, or subschool district, or any municipality or city school board which supports a separate city system for public schools may levy an ad valorem tax for a specific purpose, when authorized by a majority of the electors voting in the parish, municipality, district, or subdistrict in an election

held for that purpose. The amount, duration, and purpose of the tax shall be in accord with any limitation imposed by the legislature.

(D) Municipal School Systems. For the effects and purposes of this Section, the municipalities of Monroe in Ouachita Parish, and Bogalusa in Washington Parish, and no others, shall be regarded and treated as parishes and shall have the authority granted parishes.

Pursuant to this constitutional mandate the Louisiana State Board of Elementary and Secondary Education, on March 21, 1975, adopted and submitted to the Louisiana Legislature for its approval an "equalization formula" to be applied in the allocation of State general funds to the sixty-six parish and city school boards throughout the State to insure a "minimum foundation program" of education for all public elementary and secondary schools. The formula was, of course, submitted without specific cost figures or final support figures filled in because those figures, which must necessarily vary from school district to school district, have to be determined in each instance by cost figures furnished by the district involved. The "equalization formula" is exactly what it purports to be, that is, a formula to be used in order to determine the cost to each school district of a "minimum foundation program" in that district, the amount of financial support for the program that will come from the taxes and rents enumerated in the formula, and the amount of contribution from the State general fund that will be needed to make up the difference between the total cost of the program in a particular school district and the amount to be contributed to the cost by the district itself. The only part of the formula that is under attack here is the part that requires the proceeds the parish receives from the 5-mill constitutional ad valorem tax to be included in the support required from the local school district and thus to be deducted from any amount to be contributed by the State. In the formula the deduction for Orleans Parish is based on the proceeds of a 5-mill levy, the same amount deducted for other parishes. It is the plaintiff's contention, however that since the ratio of assessment to fair market value of immovable property subject to taxation varies greatly from parish to parish in Louisiana, the deduction of the amount that would be yielded by a 5-mill levy in the "equalization formula" denies them the equal protection of the law required by the 14th Amendment of the U.S. Constitution. They also contend that the formula violates Article VIII, Section 13(B) of the 1974 Louisiana Constitution pursuant to which the formula was adopted, because it does not provide for an equitable allotment of funds as mandated by that article.

There is no dispute about the fact that immovable property in Louisiana is not uniformly assessed with respect to its fair market value. Assessors are elected public officials of each parish, and the assessed value of property, vis-a-vis its fair market value, has always varied from parish to parish. Each parish through its assessor has generally been allowed to determine the assessed value of property for tax purposes without interference from State authorities. This, of course, has resulted in property in some parishes being assessed for tax purposes at higher rates in comparison with its fair market value than property in other

parishes. Property in Orleans Parish, where plaintiffs reside, and in some other urban areas, has generally been assessed at higher rates than has property in rural areas. Thus, the 5-mill tax here under attack yields more money on property located in New Orleans than on similar property with an equal fair market value located in those parishes where assessments are lower than those applied in New Orleans. As a further result, when the "equalization formula" is then applied, the contribution exacted from Orleans Parish to support its MFP is proportionately greater than that required of other parishes using lower ratios of assessment to fair market value, and hence the State's equalizing contribution to Orleans Parish will be less than it would have been had Orleans Parish used a lower assessment to fair market value ratio, such as is used in many other parishes. Plaintiffs would apparently have no complaint about this 5-mill contribution if all property in the State were valued at its fair market value and if every parish were required to use the same assessment to market value ratio for tax purposes. But, they say, when unequal assessments are permitted, and then a uniform millage is applied to those unequal assessments and charged against the school district when equalizing funds are distributed by the State, this deprives the various school districts of equal protection of the law and penalizes those districts using a high assessment rate.

There is no evidence in the record to suggest that the plan employed discriminates in any way against any definable category of "poor people" or that it results in the deprivation of a "minimum foundation education" to any class of persons, or indeed to any individual person. It is clear from the record that the objective of the State's "Minimum Foundation Program" is being accomplished by use of the formula. The only real question is whether or not the plaintiffs have a justifiable claim based upon "district wealth discrimination".

Even if all property were assessed on a uniform basis, the parishes with relatively less valuable immovable property would contribute less to the MFP than the parishes whose residents own more valuable property. Local ability to support MFP diminishes the amount of the state contribution. If the measure of each parish's contribution were based on the total value of its immovable property, or on an assessment based on total value, the plaintiffs concede they would have no complaint. Nor do they contend that this should be accomplished. Instead they contend that some theoretical average of assessment to fair market value should be computed and applied evenly to presumed fair market value state wide. Then 5 mills of this theoretical figure should be computed and used to measure each parish's obligation.This formula would depend on three theoretical figures, not readily susceptible of being computed, the total market value of properties, the statewide average assessment and each parish's average assessment. It would also still make each parish's average relative wealth a measure of the parish's contribution. The amount a parish actually receives from a 5 mill levy on its actual assessment is a real figure, not a hypothetical one, and it takes parochial ability to pay into account in a way that is different, but not constitutionally invalid.

In San Antonio Independent School District, Et Al. v. Rodriguez,

93 S. Ct. 1278, 411 U. S. 1, 36 L. Ed. 2d 16 (1973), as in the present case, the financing of public elementary and secondary schools was a product of State and local participation. Each Texas school district was required to supplement State aid through an ad valorem tax on property within its jurisdiction. The ad valorem tax assessed for school purposes produced more revenues in some districts than in others, resulting in some districts having to contribute more local funds to the Minimum Foundation Program than other districts. The differences in productivity of the ad valorem taxes resulted in different amounts of equalizing funds being contributed to the different school districts by the State.

In considering the alleged denial of equal protection in violation of the Fourteenth Amendment, the Court said:

> It has simply never been within the constitutional prerogative of this Court to nullify statewide measures for financing public services merely because the burden or benefits thereof fall unevenly depending upon the relative wealth of the political subdivisions in which citizens live. In sum, to the extent that the Texas system of school financing results in unequal expenditures between children who happen to reside in different districts, we cannot say that such disparities are the product of a system that is so irrational as to be invidiously discriminatory. 93 S. Ct. at 1307–8.

Just as was the Supreme Court in *Rodriguez*, so are we, "—unwilling to assume for ourselves a level of wisdom superior to that of legislators, scholars, and educational authorities in fifty States, especially where the alternatives proposed are only recently conceived and nowhere yet tested. The Constitutional standard under the Equal Protection Clause is whether the challenged State action rationally furthers a legitimate State purpose or interest."

In determining whether the rational relationship test has been met we also take into account that the plaintiffs here seek to reopen only one part of a single year's appropriation, based on a formula effective for only one year; the proposed formula for 1976–77 takes into account a partial equalization of the kind here sought; the Louisiana Constitution adopted in 1974, requires uniform statewide assessment, Art. 7, § 18 (A), and a study designed to accomplish its mandate is now under way, see Executive Order 76–2. We do not have here as in Levy v. Parker, E.D.La. 1972, 346 F. Supp. 896, on which plaintiffs rely, the combination of unequal assessments, limitations on the taxing power of a local government, and payment of state revenues to localities that there composed "the cumulative thrust of Louisiana's trident of constitution and statute" found to be invalid. 346 F. Supp. at 904. We were careful there to distinguish appropriations "not based on a continuing formula," and we pointed out that the assessment policies there considered did not alone deny equal protection.

Considering the entirety both of the Louisiana MFP program and the other efforts now being made by the state, the state's formula for 1975–76 appears at this time to be rationally related to its purpose. The

state is pursuing studies in an effort to fulfill the state's own constitutional mandate to achieve equal assessment. It is modifying its formula for parochial contributions to the MFP program. These are still evolving processes. At this time, no denial of equal protection has been shown, and we heed the Supreme Court's admonition,

> The consideration and initiation of fundamental reforms with respect to state taxation and education are matters reserved for the legislative processes of the various States, and we do no violence to the values of federalism and separation of powers by staying our hand. 93 S. Ct. at 1309.

Since we find no violation of the equal protection clause of the federal constitution, we feel it is wiser to also dismiss the pendent claim asserted under the Louisiana constitution.

> Needless decisions of state law should be avoided both as a matter of comity and to promote justice between the parties, by procuring for them a surer-footed reading of applicable law. United Mine Workers of America v. Gibbs, 1966, 87 S. Ct. 1130, 1139.

For these reasons the plaintiff's request for a preliminary injunction will be denied and the defendants' motion for summary judgment dismissing this suit in its entirety will be granted.

Senate Concurrent Resolution 89 of the 1976 Regular Session of the Legislature

In terms of the provisions of Article VIII, Section 13(B) of the Constitution, the legislature is required to approve the formula for the minimum foundation program prior to making an appropriation for the program. As a result, Senate Concurrent Resolution 89 was adopted by the legislature in the 1976 Regular Session. Specifically, the resolution provides the following:

A CONCURRENT RESOLUTION

To provide for the approval by the legislature of the formula adopted by the State Board of Elementary and Secondary Education for the equitable allocation of funds sufficient to insure a minimum foundation program of education in all public elementary and secondary schools.

WHEREAS, in its meeting on April 22, 1976, the State Board of Elementary and Secondary Education adopted a formula for the equitable allocation of funds; and

WHEREAS, Article VIII, Section 13(B) of the Constitution requires the legislature to approve the formulas adopted by the State Board of Elementary and Secondary Education which provide for the equitable allocation of funds to the school systems; and

WHEREAS, that constitutional provision requires the legislature to

approve the formula prior to making the appropriation of funds sufficient to insure a minimum foundation program of education; and

WHEREAS, it is necessary that the legislature approve this formula as soon as possible.

THEREFORE, BE IT RESOLVED by the Senate of the Legislature of Louisiana, the House of Representatives thereof concurring, that the minimum foundation program equalization formula adopted by the State Board of Elementary and Secondary Education on April 22, 1976, is hereby approved to read as follows:

EQUALIZATION FORMULA
1976–77 SCHOOL YEAR—CURRENT BASIS

I. Cost of Minimum Foundation Program (For a full nine-month session, based on membership and other current data at first reporting period 1976–77)

1. Teachers allotted and employed (Teachers and principals—regular and special education) Number X actual salary according to State Minimum Salary Schedule ..... $_____

2. Special Education Teacher Aides—Number allotted and employed X actual salary to $3,045 ..... $_____

3. Supervisors of Instruction—Number allotted and employed X 12/9 of State salary for teacher with a Master's degree and maximum experience ..... $_____

4. Visiting Teachers—Number allotted and employed X 12/9 of State salary for teacher with a Master's degree and maximum experience ..... $_____

5. Transportation—Actual cost of approved routes, based on State bus operators' salary schedule, and allowance up to $1,874 for special education bus attendants ..... $_____

6. Mandated Costs—State's share (57%) of costs for sabbatical leave, substitute teachers, and accumulated sick leave severance pay ..... $_____

7. Salary Adjustments for Other School Employees—Cost of living increases for school employees who are not governed by a state minimum salary schedule (distributed on basis of number of teachers allotted and employed) ..... $_____

8. Other Costs—including general control teaching materials and supplies, operation and maintenance of plant, fixed charges and auxiliary agencies other than transportation. Student membership at first reporting period X $48 .... $_____

TOTAL COST of Minimum Foundation Program .. $_____

II. Support for the Minimum Foundation Program (Based on estimated current revenues for 1976–77)

1. Parish 5-Mill Constitutional Tax on equalized Assessment basis less commissions and deductions ..... $_____

1a. State Revenue Sharing Funds Attributable to Parish 5-Mill Constitutional Tax ..... $_____

TOTAL SUPPORT for Minimum Foundation Program ..... $_____

III. Difference Necessary to Equalize ..... $_____

Suggestions for Changes in the Future in the Minimum Foundation Program Formula

Some of the most frequent suggestions offered by various groups for effecting changes in the Minimum Foundation Program formula have been the following:

1. Lower the pupil teacher ratio schedule from the present 27–1 allocation to 25–1 with further reductions suggested for grades K–3.

2. Allocate enrichment teachers for elementary schools. The following schedule has been suggested:

Schools with average daily membership
0–162 = 0 enrichment teachers
163–432 = 1 enrichment teacher
432 and over = 2 enrichment teachers

3. Allocate enrichment teachers for grades 7–8 in terms of increasing the present grade basis of 9–12 to 7–12. The following schedule has been suggested:

Enrichment Teacher Allotment

Membership in Grades 7–12	No. Enrichment Teachers Allotted
76– 112	2
113– 150	3
151– 300	4
301– 450	5
451– 600	6
601– 750	7
751– 900	8
901–1050	9
1051–1200	10
1201–1350	11
1351–1500	12
1501–1650	13
1651–1800	14
1801–1950	15
1951–2100	16
2101–2250	17
2251–2400	18
2401–2550	19
2551–2700	20
2701–2850	21
2851–3000	22
3001–3150	23
3151–3300	24
3301–3450	25
3451–3600	26
3601–3750	27
3751–3900	28
3901–4050	29
4051–4200	30
4201–4350	31
4351–4500	32

4. Allocate additional principals to each school in terms of the following suggested schedule:

Teachers Allotted to each School	Principals Allotted to each School
0– 6	0
7–14	1
15–39	2
40 or more	3

5. Improve the ratio schedules for allocating supervisors of instruction and visiting teachers.

6. Develop specific controls for determining the number of buses to be included in the transportation allocation.

7. Define the "other cost" item in terms of specifics.

8. Determine a fair and equitable manner of arriving at the proceeds of the 5-Mill Constitutional tax used in the formula.

9. Improve the salary schedules defined by State statutes and used in salary determination.

10. Control the proliferation of the number of cost items to be included in the formula in terms of requests from special interest groups.

11. Secure input from different groups in continuing efforts for improvement of the formula.

12. Consider the abolition of all support items in view of legislation and legislative action which tend to impose curbs or limits on the items of support which may be considered in the formula.

Other Distributions of State Funds to Parish and City School Boards

In addition to funds distributed to local school systems by the Minimum Foundation Program formula, the state makes available funds for other programs. Some of the major appropriations included the following:

1. School lunch
2. Special education
3. Employers' contribution to teacher retirement
4. Adult education
5. Textbooks, library books and school supplies
6. Driver education
7. Vocational education

CHAPTER 12

EXPENDITURE OF SCHOOL FUNDS

A study of the development of budgeting shows that it had its origin in business and industry. The practice spread to state and national governments and then to local subdivisions of the states, including towns, cities, counties, and local school administrative units. Budgeting procedures in public schools were first developed in urban school systems and later spread to rural school districts. Presently, it is recognized as such an important and desirable procedure that the legislative bodies of the various states have seen fit to enact laws which require local school units to prepare budget statements. (Mort, Reusser, and Polley)

Legal Responsibilities of Parish and City School Boards Concerning Budget Preparation

The responsibilities of parish and city school boards in Louisiana as defined by Act 693 of 1972 include the following:

1. The various parish and city school boards throughout the state shall adopt, not later than the first Tuesday in the month of August, a budget of expected revenues and probable expenditures for the ensuing year.

2. The receipts in the budget must be those normally expected from constitutional, statutory, and regular sources, and must not include probable receipts that may arise from doubtful or contingent sources.

3. The revenues, expenditures, and disbursements in the budget shall be listed and classified on such forms and in such manner and substance as shall be described by the State Superintendent of Public Education, and shall detail as nearly as possible, the several items of expected cost, revenue, expenses, and disbursements, the total of which shall not exceed the expected receipts.

4. No item of cost, expense, or disbursement indebtedness not included in the detailed estimates shall be paid by the treasurer or ex-officio treasurer of the school board.

5. The payment of debts arising out of the current operation of previous years shall be taken care of in accordance with law.

6. If, during the course of the school year, receipts from any unexpected or contingent sources have been realized, then the school

board shall, before any such funds have been allocated, committed, expended, or disbursed, prepare and adopt, in like form, manner, and substance and upon like penalties, an amended budget of revenues, expenses, and disbursements.

7. Local school boards shall submit to the State Superintendent of Public Education, copies of their budgets not later than August 1 of each year for review, examination, and approval.

Legal Responsibilities of the State Superintendent of Public Education Concerning Budget Preparation

The legal responsibilities of the State Superintendent of Public Education relative to budgets of parish and city school boards include the following:

1. Shall receive copies of parish and city school budgets not later than August 1 of each year for review, examination, and approval.
2. Shall have authority over the budgets of local school boards and may at any time, or as emergencies may require, revise or amend, in whole or in part as to any item, the budget of any local school board, except that the State Superintendent of Public Education shall not, in exercising such authority, impair the obligation of any contract.
3. May require school boards to operate the schools within the receipts normally expected and set up in the school budget. The authority granted shall include the right to advise the school boards in parishes participating in the State Equalization Fund in all matters relating to the preparation and the adoption of their budgets, and the right to require change when it is clearly evident that a budget fails to comply with the intent and purpose of the State Equalization Fund.

Steps in Preparing the School Budget

The development of a school budget by parish and city school superintendents begins with consideration of the statement of purposes of the educational program of the unit. This statement of purposes presumably has general community acceptance in that the needs of the people of the area represent basic guidelines used in formulating the type of educational program to be offered. When this consideration of local educational aims has been completed, certain basic steps must be followed in developing the budget. Generally recognized as being important were the following steps:

1. Plan the educational program for the new school year, which includes meeting with lay groups, civic organizations, principals, teachers, and the local school board.
2. Secure necessary budget forms from the finance officer in the State Department of Education.
3. Prepare estimates of anticipated revenues from state, federal, and local sources.
4. Prepare estimates of anticipated expenditures.
5. Formal preparation of school-board budget by the superintendent, members of his staff, and finance committee of the school board.
6. Presentation of budget to the board, and discussion of individual items, portions, or the document as a whole.
7. Adoption of the budget by a vote of the local school board at a regularly called meeting.
8. Submit the budget to the State Superintendent of Education, who instructs the finance officer in the State Department of Education to check the budget and submit recommendations.
9. Review the budget, and, if need be, clarify specific items, or request additional information from the parish and city school superintendents.
10. Recommendation by the finance officer of the State Department of Education to the State Superintendent of Public Education that the budget be given either "approved" or "unapproved" status.
11. Secure clarification and/or correction of what has led to withholding of approval.
12. Any amendment to the original budget made by the parish or city school board must be submitted to the State Superintendent of Public Education for approval. The Legislative Auditor of the State conducts periodic audits of financial records. Continuous appraisal of the budget document and budget procedures by school officials must be followed.

Utilization of Handbook II, Revised: Financial Accounting

Parish and city school boards in Louisiana have been utilizing *Handbook II, Revised: Financial Accounting* compiled and edited by the U.S. Office of Education in budget preparation and financial reporting. The

handbook was designed to serve as a vehicle or mechanism for program cost accounting at the local level and eventually when programs were identified and benefits measured, a full program of budgeting, and evaluating system can be operated. The original handbook answered the need for a cost-accounting system that satisfied the legal and stewardship requirements connected with handling public funds, but the classification structure prohibited the ability to accumulate costs of programs. However, certain factors emerged which required the revision of Handbook II. They were:

1. The concerns of certain publics about the cost and relevance of education.
2. The enactment of legislation in response to recognized educational needs.
3. The need for information to assist in planning and making decisions.

The revised handbook made it possible to organize data in a manner to permit the interrelating and combining of data elements that resulted in wide ranges of information. The goal of comparability was strengthened and achieved in the process. (*Handbook II, Revised: Financial Accounting*)

Classification of Revenue

Revenues were classified by type and source for the various funds of a local education agency. Revenues were defined as additions to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and do not represent contributions of fund capital in Food Service and Pupil Activity funds.

The types of revenue from each source, local, state, and federal, were defined and listed as follows:

1. Revenue from *local* sources was the amount of money produced within the boundaries of the local education agency and available to the local unit for its use. Money collected in the same amount by another governmental unit as an agent of the local education agency (less collection costs), was recorded as revenue from local sources. Shared revenue (revenue levied by another governmental unit, but shared in proportion to the amount collected within the local unit) was also recorded as revenue from local sources. Money transferred without having to be repaid, money received

for the recovery of an expenditure, and proceeds from the sale of bonds for local revenue was considered local funds.

Specific items of local sources of revenue were the following:
a. Ad valorem taxes
b. Sales tax
c. Special appropriations or transfers from the Police Jury
d. Tuition from other school districts and summer school
e. Interest on investments
f. Rent, lease and royalties from school lands
g. Rental of facilities
h. Contributions
i. Collections and other income from food services
j. Sale of junk
(*Handbook II, Revised: Financial Accounting*)

2. Revenue from *State* sources was revenue from funds collected by the state and distributed to each local education agency in amounts different proportionately from those which were collected within such local education agency.

   Specific items of State sources of revenue were the following:
   a. Minimum Foundation Program distribution
   b. Sixteenth Section Land Fund (interest)
   c. Revenue Sharing including base and excess apportionment
   d. Employers' contribution to Teachers' retirement
   e. Vocational education, including school-community food preservation units and career education
   f. Sixteenth Section Land Fund (withdrawals)
   g. Crippled and exceptional children's program
   h. Adult education
   i. Driver education
   j. Food services
   k. Miscellaneous other
   (*Handbook II, Revised: Financial Accounting*)

3. Revenue from *federal* sources was revenue from funds collected by the Federal Government and distributed to local education agencies in amounts that differ in proportion from those which were collected within such local education agencies. It was unimportant whether the funds were distributed directly to the local education agency by the Federal Government or through some intervening agency such as the state. When a local education agency does not have a method for determining the prorata share

of federal, state and other sources of revenue in a commingled grant, it was recommended that the distributing agency provide this information to the local agency.

Specific items of federal sources of revenue were the following:

a. Federally affected areas—maintenance and operation
b. Federally affected areas—capital outlay
c. Elementary and Secondary Education Act funds
d. National Defense Education Act funds
e. Vocational education
f. Adult education
g. Drug education
h. School Food Service and Special Milk Program
i. Education of the Handicapped Act
j. School board's share of amounts received due to loss of taxes because of federal housing projects
k. School board's share of proceeds from sales of timber on Federal Forest Reserves

(*Handbook II, Revised: Financial Accounting*)

Classification of Expenditures

Function means the action a person takes or the purpose for which a thing exists. Function includes the activities or actions which are performed to accomplish the objectives of an enterprise. The activities of local education agencies were classified into five broad areas or functions. These functions were:

a. Instruction
b. Supporting Services
c. Community Services
d. Nonprogrammed Charges
e. Debt Services

Functions were further broken down into sub-functions and service areas which are subsequently sub-divided into areas of responsibility. (*Handbook II, Revised: Financial Accounting*)

Instruction. This function includes activities dealing directly with the teaching of pupils, or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving cocurricular activities. It also may be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here were the activities of aides or assistants of

any type (clerk, graders, teaching machines, etc.) which assist in the instructional process.

Some of the specific items listed in the instructional function area were:

a. Regular programs
   (1) Salaries of teacher aides
   (2) Salaries of appointed substitutes
   (3) Salaries of day-by-day substitutes
   (4) Salaries of kindergarten teachers
   (5) Salaries of elementary teachers
   (6) Salaries of secondary teachers
   (7) Summer school salaries

b. Special programs
   (1) Salaries of special education teachers
   (2) Salaries of speech therapists
   (3) Salaries of teacher aides for special education
   (4) Other expenses for special education

c. Adult/Continuing education programs
   (1) Salaries for adult education personnel
   (2) Salaries of evening school program instructors
   (3) Salaries of nurses training program instructors
   (4) Salaries of Young Farmer and Home Economics instructors

d. Community college programs

(*Handbook II, Revised: Financial Accounting*)

Supporting Services. Supporting services were those services which provide administrative, technical, personal (such as guidance and health), and logistical support to facilitate and enhance instruction and, to a lesser degree, Community Services. Supporting services exist to sustain and enhance instruction, rather than as entities within themselves. Some of the specific items included in the supporting services function area were:

a. Support service programs for pupils
   (1) Salaries of visiting teachers and supervisors of census and pupil accounting
   (2) Salaries of guidance counselors
   (3) Health services
   (4) Psychological services and salaries
   (5) Cocurricular activities

b. Instructional staff support service programs
   (1) Salaries of parish-wide supervisors
   (2) Salaries of supervisors in special areas or subjects
   (3) Salaries of secretaries and clerical staff

(4) Instructional consultant fees
(5) Conferences, workshops, and evaluations

c. General administration programs
(1) Mileage and per diem of school board members
(2) Travel and other expenses of school board members
(3) Elections
(4) Legal services
(5) Fees for tax collections
(6) Salary of superintendent
(7) Salaries of assistant superintendents
(8) Employee benefits
(9) Rental of lands
(10) Bonding of employees

d. School administration services program
(1) Salaries of principals and assistant principals
(2) Salaries of secretaries and clerks employed in schools
(3) Travel of principal and other school staff
(4) Telephone and telegraph expenses for schools
(5) Non-instructional equipment for schools

e. Business services program
(1) Salaries of directors or managers of business services
(2) Salaries of construction personnel
(3) Sites
(4) Bond election costs
(5) New buildings
(6) Additions to existing buildings
(7) Improvements or remodeling of existing buildings
(8) Equipment purchases
(9) Salaries of maintenance personnel
(10) Salaries of custodial personnel
(11) Utilities
(12) Repair and upkeep of buildings
(13) School property security
(14) Pupil transportation services programs
(15) Food service programs

f. Central services programs
(1) Costs of planning, research, development and evaluation services
(2) Salaries of purchasing, warehousing and distribution centers
(3) Staff services
(4) Data processing services
(5) Statistical services

(*Handbook II, Revised: Financial Accounting*)

Community Services. Activities which were not directly related to the provision of education for pupils in an educational agency. These include services such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities provided by the local school district for the community as a whole or some segment of the community. Certain significant aspects of this function were:

a. Direction of community services
b. Recreation services
c. Civic services
d. Other community services to include school-community food-preservation centers, Agriculture Extension, home demonstration services and contributions

(*Handbook II, Revised: Financial Accounting*)

Nonprogrammed Charges. This function included items which involve conduct-type (outgoing transfers) payments to other local school districts in the state or in another state and transfers from one fund to another fund in the local school district. Items included in this function were:

a. Payments to other governmental units within the state
b. Tuition including transfers to other local school districts
c. Other payments to other local school districts within the state
d. Payments to other governmental units outside the state

(*Handbook II, Revised: Financial Accounting*)

Debt Service. The servicing of the debt of local school districts was included in this function. Specific items were:

a. Interest on debt to include bonds, long-term loans, short-term loans
b. Bank charges for servicing bonds
c. Other expenditures for debt service

(*Handbook II, Revised: Financial Accounting*)

Units of Measure

Certain useful measurements have been adopted in professions, business, government, and other organizations, indicating from time to time their status or progress. These standard measures and ratios generally provide indicators of conditions.

Measures and ratios in education generally have been derived by combining statistical elements from data files of pupils, staff, curriculum, property, and community.

Current expenditures. Current expenditures were defined as the total charges incurred for the benefit of the current fiscal year, whether paid or unpaid. They included all expenditures less capital outlay and debt service. Current expenditures for all programs (instruction and supporting) were derived by adding the accumulated cost of:

Function 1000 (Instruction)
Function 2000 (Supporting Services)
Function 3000 (Community Services)
Function 4000 (Nonprogrammed Charges)

Less

Function 2530 (Facilities Acquisition and Construction Services)
Function 4300 (Transfer of Funds)
Object 540 (Equipment)
Object 550 (Vehicles)
Revenue 1600 (Food Services)
Revenue 1700 (Pupil Activities)

Current expenditures for regular programs and special programs *only* would be calculated in the same manner, except the total cost of adult/continuing programs and community services programs would be subtracted. Similarly, the current expenditures for regular or special programs separately can be excluded from total current expenditures, or calculated individually by including only those categories applicable.

Current expenditures per pupil. This term has been a measure of long standing, indicating to some extent, community effort. It was adopted when general or basic education comprised most of the education curriculum. The extension of the school day and school year to include special education, adult/continuing education, and community services in evening and summer sessions has tended to make less valuable the per-pupil measure. The reason was that the units being compared were less alike.

The units to be compared in determining per-pupil expenditures were:

(1) The type of activities for which expenditures were made; i.e., activities which require varied mixes of resources per pupil.

(2) Length of time pupils were in session; i.e., six hours per day for regular day session versus three hours in the summer session or three hours in the evening session.

(3) The pupil unit of measure; i.e., average daily membership, average daily attendance, enrollment, or other.

As the three types of units approach similarity the per-pupil expenditure measure has meaning. It becomes extremely important to specify the programs for which the per-pupil expenditures were made.

In *Handbook II, Revised: Financial Accounting*, for purposes of comparability, it has been recommended that average daily membership be used in computing per-pupil expenditures and that, when using them without reference to particular programs, they be computed for elementary and secondary education only in regular day session.

The procedure for computing the current expenditures per pupil for a local school district would involve the sum of all current expenditures for elementary and secondary education in the regular day session divided by the sum of the average daily membership for the year.

The following formula has been used in computing current expenditures per pupil:

$$CEP(ES) = \frac{CE\ (ES)}{ADM}$$

where
CEP = Current Expenditures Per Pupil
ES = Elementary Secondary
CE = Current Expenditures
ADM = Average Daily Membership

NOTE: The material concerned with *Units of Measure* was based upon information contained in *Handbook II, Revised: Financial Accounting* as this publication is used by the Louisiana State Department of Education and local school districts in the state in the preparation of budgets, statistical and financial reports, and determination of per-pupil cost.